

UNITED WAY OF THE WABASH VALLEY, INC.

**Financial Statements and Independent
Auditors' Report**

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of the Wabash Valley, Inc.
Terre Haute, Indiana

We have audited the accompanying financial statements of United Way of the Wabash Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Wabash Valley, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sackrider & Company, Inc

Terre Haute, Indiana
May 2, 2018

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Financial Position

December 31,

ASSETS	2017		
	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	\$ 79,128	\$ 26,225	\$ 105,353
Investments	456,644	151,339	607,983
Beneficial interest in assets held by others	-	321,158	321,158
Grant Receivable	-	-	-
Pledge receivables			
2017-campaign	-	585,898	585,898
2016-campaign	196,195	-	196,195
2015-campaign	-	-	-
	<u>196,195</u>	<u>585,898</u>	<u>782,093</u>
Less allowance for uncollectible pledges	<u>98,000</u>	<u>88,000</u>	<u>186,000</u>
	<u>98,195</u>	<u>497,898</u>	<u>596,093</u>
Property and equipment			
Office furniture and equipment	55,761	13,184	68,945
Auto and trailers	9,554	1,000	10,554
Leasehold improvements	11,043	-	11,043
	<u>76,358</u>	<u>14,184</u>	<u>90,542</u>
Less accumulated depreciation and amortization	<u>61,241</u>	<u>12,906</u>	<u>74,147</u>
	<u>15,117</u>	<u>1,278</u>	<u>16,395</u>
Other assets			
Auto to be given away	-	16,800	16,800
Interest receivable	498	-	498
Due from (to) other funds	(299,610)	299,610	-
	<u>(299,112)</u>	<u>316,410</u>	<u>17,298</u>
	<u>\$ 349,972</u>	<u>\$ 1,314,308</u>	<u>\$ 1,664,280</u>

The accompanying notes are an integral part of these statements.

2016		
Unrestricted	Temporarily Restricted	Total
\$ 110,895	\$ 61,646	\$ 172,541
356,116	197,917	554,033
-	290,751	290,751
-	161,005	161,005
-	-	-
-	665,299	665,299
239,640	-	239,640
<u>239,640</u>	<u>665,299</u>	<u>904,939</u>
86,838	70,000	156,838
<u>152,802</u>	<u>595,299</u>	<u>748,101</u>
55,761	13,184	68,945
9,554	1,000	10,554
11,043	-	11,043
<u>76,358</u>	<u>14,184</u>	<u>90,542</u>
57,582	10,269	67,851
<u>18,776</u>	<u>3,915</u>	<u>22,691</u>
-	11,500	11,500
401	-	401
(226,436)	226,436	-
<u>(226,035)</u>	<u>237,936</u>	<u>11,901</u>
<u>\$ 412,554</u>	<u>\$ 1,548,469</u>	<u>\$ 1,961,023</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Financial Position - continued

December 31,

LIABILITIES AND NET ASSETS	2017		
	Unrestricted	Temporarily Restricted	Total
Accounts payable	\$ 13,827	\$ -	\$ 13,827
Designations by donors for other organizations	-	5,612	5,612
Grant payable	-	8,150	8,150
Payroll and related liabilities	1,494	-	1,494
	<u>15,321</u>	<u>13,762</u>	<u>29,083</u>
Net assets	<u>334,651</u>	<u>1,300,546</u>	<u>1,635,197</u>
	<u>\$ 349,972</u>	<u>\$ 1,314,308</u>	<u>\$ 1,664,280</u>

The accompanying notes are an integral part of these statements.

2016		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 13,046	\$ -	\$ 13,046
-	409	409
-	-	-
1,198	-	1,198
<u>14,244</u>	<u>409</u>	<u>14,653</u>
<u>398,310</u>	<u>1,548,060</u>	<u>1,946,370</u>
<u>\$ 412,554</u>	<u>\$ 1,548,469</u>	<u>\$ 1,961,023</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Activities

Years Ended December 31,

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Total campaign contributions and pledges	\$ 377,691	\$ 840,746	\$ 1,218,437
Less: Amounts raised designated for other organizations	(51,051)	-	(51,051)
Less: Allowance for uncollectible pledges	(28,000)	(88,000)	(116,000)
Write-offs and remaining allowance less (greater) than prior year allowance	(35,003)	-	(35,003)
Net campaign contributions and pledges	<u>263,637</u>	<u>752,746</u>	<u>1,016,383</u>
Grants	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total contributions and pledges	263,637	777,746	1,041,383
In kind support	5,680	16,800	22,480
Special events	19,028	142,697	161,725
Administrative fee for raising designated amounts	3,986	-	3,986
Investment income (loss)	74,461	41,551	116,012
Gain on sale of asset	-	-	-
Miscellaneous income	1,944	-	1,944
	<u>368,736</u>	<u>978,794</u>	<u>1,347,530</u>
Assets released from restrictions:			
Satisfaction of purpose requirement	384,077	(384,077)	-
Satisfaction of time requirement	842,231	(842,231)	-
Total revenue and other support	1,595,044	(247,514)	1,347,530
Program services	970,441	-	970,441
Supporting services	688,262	-	688,262
Total expenses	<u>1,658,703</u>	<u>-</u>	<u>1,658,703</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (63,659)</u>	<u>\$ (247,514)</u>	<u>\$ (311,173)</u>

The accompanying notes are an integral part of these statements.

2016

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 381,017	\$ 901,497	\$ 1,282,514
-	(409)	(409)
(15,870)	(70,000)	(85,870)
35,774	-	35,774
<u>400,921</u>	<u>831,088</u>	<u>1,232,009</u>
-	254,948	254,948
400,921	1,086,036	1,486,957
14,323	11,500	25,823
46,205	123,510	169,715
142	-	142
32,198	19,608	51,806
1,200	-	1,200
3,307	-	3,307
<u>498,296</u>	<u>1,240,654</u>	<u>1,738,950</u>
279,178	(279,178)	-
801,852	(801,852)	-
1,579,326	159,624	1,738,950
1,252,935	-	1,252,935
553,072	-	553,072
<u>1,806,007</u>	<u>-</u>	<u>1,806,007</u>
<u>\$ (226,681)</u>	<u>\$ 159,624</u>	<u>\$ (67,057)</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Changes in Net Assets

Years Ended December 31, 2017 and 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, December 31, 2015	\$ 624,991	1,388,436	2,013,427
Increase (decrease) in net assets	<u>(226,681)</u>	<u>159,624</u>	<u>(67,057)</u>
Net assets, December 31, 2016	398,310	1,548,060	1,946,370
Increase (decrease) in net assets	<u>(63,659)</u>	<u>(247,514)</u>	<u>(311,173)</u>
Net assets, December 31, 2017	<u>\$ 334,651</u>	<u>\$ 1,300,546</u>	<u>\$ 1,635,197</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Cash Flows

Years Ended December 31,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (311,173)	\$ (67,057)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	6,296	4,396
Unrealized (gain) loss on investments	(94,223)	(30,374)
Realized (gain) loss on sale of investments	(8,022)	(10,826)
(Gain) loss on disposal of auto	-	(1,200)
In-kind contribution of auto	(16,800)	(11,500)
In-kind contribution of fixed assets	-	(11,043)
Donated auto	11,500	12,525
Change in assets and liabilities:		
Grant receivable	161,005	(161,005)
Pledge receivables	122,846	(59,762)
Allowance for uncollectible pledges	29,162	(30,090)
Other assets	(97)	-
Accounts payable	781	13,046
Designations by donors for other organizations	5,203	(5,643)
Grant payable	8,150	-
Payroll and other liabilities	296	266
Net cash from operating activities	<u>(85,076)</u>	<u>(358,267)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	59,997	94,053
Transfers from endowment funds	11,144	5,843
Proceeds from sale of equipment	-	1,200
Purchase of investments	(53,253)	(97,303)
Net cash from investing activities	<u>17,888</u>	<u>3,793</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (67,188)	 (354,474)
 Cash and cash equivalents at beginning of year	 <u>172,541</u>	 <u>527,015</u>
 Cash and cash equivalents at end of year	 <u>\$ 105,353</u>	 <u>\$ 172,541</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Cash Flows-Continued

Years Ended December 31, 2017 and 2016

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest

\$

719 \$

-

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposit accounts and certificates of deposit.

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Functional Expenses

Years Ended December 31,

	2017		
	Program Services	Supporting Services	Total Expenses
Allocations	\$ 752,937	\$ -	\$ 752,937
Success by 6	83,062	-	83,062
211 Call Center	30,000	-	30,000
Salaries	-	322,982	322,982
Health, life, and disability insurance	-	25,853	25,853
Retirement plan	-	39,608	39,608
Payroll taxes	-	26,056	26,056
Professional fees	-	22,902	22,902
Office supplies	-	6,099	6,099
Telephone	-	4,739	4,739
Postage	-	2,513	2,513
Insurance	-	10,801	10,801
Equipment repairs and maintenance	-	9,391	9,391
Printing and campaign	-	10,956	10,956
Auto expense	-	2,569	2,569
Meals and entertainment	-	3,182	3,182
Meetings and conferences	-	2,998	2,998
Travel	-	2,908	2,908
State United Way dues	-	3,150	3,150
National United Way dues	-	20,679	20,679
Occupancy	-	58,563	58,563
Special events	-	14,255	14,255
Depreciation and amortization	-	6,296	6,296
Advertising and marketing	-	50,528	50,528
Grants and contributions	104,442	-	104,442
Community impact	-	-	-
Interest	-	719	719
Contributions	-	400	400
Miscellaneous	-	19,500	19,500
Bank and investment fees	-	9,115	9,115
Auto Give-away	-	11,500	11,500
	<u>\$ 970,441</u>	<u>\$ 688,262</u>	<u>\$ 1,658,703</u>

The accompanying notes are an integral part of these statements.

2016

<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
\$ 1,054,714	\$ -	\$ 1,054,714
32,319	-	32,319
30,000	-	30,000
-	260,119	260,119
-	26,875	26,875
-	24,485	24,485
-	20,905	20,905
-	22,501	22,501
-	6,411	6,411
-	4,256	4,256
-	4,170	4,170
-	4,993	4,993
-	6,740	6,740
-	12,111	12,111
-	3,514	3,514
-	-	-
-	7,493	7,493
-	3,774	3,774
-	1,100	1,100
-	17,881	17,881
-	30,923	30,923
-	25,348	25,348
-	4,396	4,396
-	4,019	4,019
134,596	-	134,596
1,306	-	1,306
-	-	-
-	-	-
-	39,541	39,541
-	8,992	8,992
-	12,525	12,525
<u>\$ 1,252,935</u>	<u>\$ 553,072</u>	<u>\$ 1,806,007</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Organization

The purpose of United Way of the Wabash Valley, Inc. (the "Organization") is to help increase the capacity of people in the community to care for one another. The Organization is a not-for-profit corporation organized under the laws of the State of Indiana and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization follows FASB Accounting Standards Codification 958 ("ASC 958"). Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board designated amounts are included.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Under FASB Accounting Standards Codification 958 ("ASC 958"), all contributions received by an organization that are designated by the donor to be transferred to another organization must be presented in the statement of activities as a reduction in contributions raised, and on the statement of financial position as a liability. Accordingly, included under the heading "amounts raised designated for other organizations" on the statement of activities, and "designations by donors for specific organizations" on the statement of financial position are amounts designated by donors to be transferred to specific United Way agencies or other United Ways or charitable organizations.

Investments

Investment securities are reported at market value.

Pledges Receivable

These amounts, less an appropriate allowance, are recorded at their estimated fair value.

Depreciation

Depreciable assets purchased are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for all assets.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Amortization

Leasehold improvements are amortized over the life of the lease, five years. Amortization expense for the years ended December 31, 2017 and 2016 was \$184 and \$184, respectively.

Support and Expenses

Contributions received including unconditional promises to give, are measured at their fair values and are reported as an increase in net assets in the period received. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

As permitted by ASC 958, contributions received for use in the same year are reflected as unrestricted revenue since these funds are received and spent during the same year.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

In Kind Support

The Organization records various types of in kind support including advertising and printing that would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts in unrestricted supporting services expenditures and restricted assets.

Advertising Costs

Advertising costs are expensed as paid. Advertising costs for the year ended December 31, 2017 and 2016 were \$50,528 and \$4,019, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through May 2, 2018, the date which the financial statements were available for issue and concluded nothing occurred requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 1,000	\$ 1,000
Checking account deposits	92,725	160,137
Certificates of deposit	<u>11,628</u>	<u>11,404</u>
	\$ <u>105,353</u>	\$ <u>172,541</u>

NOTE 3 - INVESTMENTS

Investments are held in an agency account. The cost and fair value of investment securities at December 31, 2017 are as follows:

	<u>Cost</u>	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	<u>Fair Value</u>	Unrealized Gain (<u>Loss</u>)
Cash equivalents	\$ 13,513	\$ -	\$ -	\$ 13,513	\$ -
Mutual funds	<u>474,915</u>	<u>119,782</u>	<u>227</u>	<u>594,470</u>	<u>119,955</u>
	\$ <u>488,428</u>	\$ <u>119,782</u>	\$ <u>227</u>	\$ <u>607,983</u>	\$ <u>119,555</u>

Investments are held in an agency account. The cost and fair value of investment securities at December 31, 2016 are as follows:

	<u>Cost</u>	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	<u>Fair Value</u>	Unrealized Gain (<u>Loss</u>)
Cash equivalents	\$ 26,846	\$ -	\$ -	\$ 26,846	\$ -
Mutual funds	<u>460,642</u>	<u>68,292</u>	<u>1,747</u>	<u>527,187</u>	<u>66,545</u>
	\$ <u>487,488</u>	\$ <u>68,292</u>	\$ <u>1,747</u>	\$ <u>554,033</u>	\$ <u>66,545</u>

Included in investment income are the following:

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 8,302	\$ 8,317	\$ -	\$ -
Unrealized gain (loss) on investments	53,010	10,424	-	-
Gain (loss) on sale of investment	8,022	10,827	-	-
Income (loss) from assets held by community foundation	<u>5,127</u>	<u>2,630</u>	<u>41,551</u>	<u>19,608</u>
	\$ <u>74,461</u>	\$ <u>32,198</u>	\$ <u>41,551</u>	\$ <u>19,608</u>

During 2017, securities were sold for total proceeds of \$59,997, resulting in a realized gain of \$8,022. During 2016, securities were sold for total proceeds of \$94,053, resulting in a realized gain of \$10,826.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 4 - FAIR VALUE MEASUREMENT

The Organization classifies its assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

Assets measured at fair value on a recurring basis at December 31, 2017 are as follows:

	Level 1- Quoted Prices in Active <u>Markets</u>	Level 2- Other Observable <u>Inputs</u>	Level 3- Unobservable <u>Inputs</u>
Cash equivalents	\$ 13,513	\$ -	\$ -
Mutual funds:			
Large cap	212,653	-	-
Small/mid cap	74,705	-	-
International	39,221	-	-
Fixed income	267,891	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>321,158</u>
	\$ <u>607,983</u>	\$ <u>-</u>	\$ <u>321,158</u>

Assets measured at fair value on a recurring basis at December 31, 2016 are as follows:

	Level 1- Quoted Prices in Active <u>Markets</u>	Level 2- Other Observable <u>Inputs</u>	Level 3- Unobservable <u>Inputs</u>
Cash equivalents	\$ 26,846	\$ -	\$ -
Mutual funds:			
Large cap	174,905	-	-
Small/mid cap	62,345	-	-
International	33,140	-	-
Fixed income	256,797	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>290,751</u>
	\$ <u>554,033</u>	\$ <u>-</u>	\$ <u>290,751</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 4 - FAIR VALUE MEASUREMENT - continued

	<u>2017</u>	<u>2016</u>
<u>Beneficial interest in assets held by others</u>		
Balance at beginning of year	\$ 290,751	\$ 276,984
Grant payments	(11,144)	(5,843)
Change in value	<u>41,551</u>	<u>19,610</u>
Balance at end of year	\$ <u>321,158</u>	\$ <u>290,751</u>

Following is a description of the valuation methodologies used for assets at fair value.

For all *cash equivalents* and *mutual funds* fair value is determined by reference to quoted market prices.

Beneficial interest in assets held by others is recorded at a market value determined by Wabash Valley Community Foundation.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Previously, the Organization contributed a total of \$282,014 to the Wabash Valley Community Foundation to establish a fund to benefit the United Way of the Wabash Valley. The purpose of the fund is stated below.

United Way of the Wabash Valley - Ada Hodge Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out its role and mission as described by the Agency's governing documents. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The Agency designated the principal of the Fund cannot be invaded.

Previously, the Organization contributed a total of \$5,000 and others contributed \$785 to the Wabash Valley Community Foundation to establish a fund to benefit the United Way of the Wabash Valley. The purpose of the fund is stated below.

United Way of the Wabash Valley Endowment Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out its role and mission as described by the Agency's governing documents. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The Agency designated the principal of the Fund cannot be invaded.

Subject to the right of the Wabash Valley Community Foundation to reject any particular gift, any person whether an individual, corporation, trust, estate or organization, including the Organization, may make additional gifts to the Foundation for the purpose of the Funds. All gifts are irrevocable once accepted by the Foundation. These Funds are not separate trusts. All money and property of the Funds are held as general assets of the Foundation.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - continued

The Organization, through the acceptance of the designated endowment agreements, has granted the board of directors of the Wabash Valley Community Foundation variance power. The variance power allows the Foundation to redirect the distributions from these established funds if in the judgment of the Foundation's Board of Directors, the conditions or restrictions of these agreements are unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation. No distributions shall be made from these funds if it endangers the 501(c)(3) status of the Foundation.

The value of the above funds is reported on the statements of financial position as a beneficial interest in assets held by others.

NOTE 6 - PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category.

Unconditional promises at December 31, are expected to be realized in the following periods:

	<u>2017</u>		<u>2016</u>	
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>
In one year or less	\$ 196,195	\$ 497,753	\$ 239,640	\$ 546,196
Between one year and five years	-	88,145	-	119,103
More than five years	-	-	-	-
	<u>196,195</u>	<u>585,898</u>	<u>239,640</u>	<u>665,299</u>
Less: Allowance for doubtful amounts	<u>98,000</u>	<u>88,000</u>	<u>86,838</u>	<u>70,000</u>
	<u>\$ 98,195</u>	<u>\$ 497,898</u>	<u>\$ 152,802</u>	<u>\$ 595,299</u>

NOTE 7 - NET ASSETS

Temporarily restricted net assets at December 31, are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Beneficial interest in assets held by others	\$ 321,158	\$ 290,751
Contributions available for use during 2017 for program and supporting service purposes	-	831,008
Contributions available for use during 2018 for program and supporting service purposes	752,747	-
Donated car give away	16,800	11,500
Work2Gether Grant	2,929	42,203

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 7 - NET ASSETS - continued

	<u>2017</u>	<u>2016</u>
Success by 6	\$ 81,811	\$ 166,612
Healthier by 2020	<u>125,101</u>	<u>205,906</u>
	\$ <u>1,300,546</u>	\$ <u>1,548,060</u>

NOTE 8 - IN KIND SUPPORT

The Organization received the following in-kind contributions for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Moving expense	\$ -	\$ 280
Advertising	1,180	3,000
Special events	4,500	-
Leasehold improvements	-	11,043
Donated car to give away	<u>16,800</u>	<u>11,500</u>
	\$ <u>22,480</u>	\$ <u>25,823</u>

During 2017, the Organization received a car valued at \$16,800. Terre Haute Chevrolet donated the car. The car was given away in January 2018. Any new gift of at least \$50, or a gift that was increased from the previous year by at least \$50, received an entry in the drawing for the donated car.

During 2016, the Organization received a car valued at \$11,500. Terre Haute Chevrolet donated the car. The car was given away in January 2017. Any new gift of at least \$50, or a gift that was increased from the previous year by at least \$50, received an entry in the drawing for the donated car.

NOTE 9 - INCOME TAXES

The United Way of the Wabash Valley, Inc. is a not-for-profit organization in accordance with the Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been reflected in the financial statements.

The Organization's policy is to evaluate any potential uncertain tax positions and the likelihood that they will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Organization has no uncertain tax positions.

The Organization's information returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2017, the Organization's federal and state tax returns for the last three years are open for examination as each year's returns remain open for examination for three years.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 10 - LEASES

The Agency leased office space at \$1,055 a month through August 2016.

In August 2016, the Agency relocated and signed a lease for office space for \$3,750 per month under the terms of the lease which expires in July 2021. Rent expense for 2017 and 2016 was \$45,000 and \$27,190, respectively. Future minimum rental payments are as follows:

2018	\$ 45,000
2019	45,000
2020	45,000
2021	26,250
2022	-

NOTE 11 - RETIREMENT PLAN

The Agency maintains a defined contribution pension plan that covers most employees. The employer contributes 11% plus a 1% match of the participants' gross wages to the plan each month. For 2017 and 2016, the amount of pension expense related to this plan was \$39,608 and \$24,485, respectively.

NOTE 12 - MAJOR CONTRIBUTOR

Four corporate contributors accounted for 13.8% of total contributions and pledges in 2017.

Two corporate contributors accounted for 7.4% of total contributions and pledges in 2016.

NOTE 13 - CONCENTRATION OF PLEDGES RECEIVABLE

The United Way of the Wabash Valley is a not-for-profit agency that conducts an annual fund raising drive to strengthen health and human service programs benefiting people in the Wabash Valley area. The Agency receives annual campaign pledges from individuals and businesses, substantially all of whom are located in communities of the Wabash Valley.

NOTE 14 - CONCENTRATION OF CREDIT RISK

The Agency routinely maintains bank account balances in local financial institutions in excess of the amount covered by the Federal Deposit Insurance Corporation.

NOTE 15 - FUND HELD IN TRUST BY OTHERS

The Organization has a fund at the Wabash Valley Community Foundation which was established in 2000 with funds from the Lilly Endowment matching a bequest. The purpose of the fund is stated below.

United Way of the Wabash Valley Operating Endowment Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out operating activities. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The principal of the Fund cannot be invaded.

UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2017 and 2016

NOTE 15 - FUND HELD IN TRUST BY OTHERS - continued

The original gift to the fund was \$141,007. The current value of the fund at December 31, 2017 and 2016 is \$148,484 and \$134,421, respectively. Net earnings allocated to the fund are distributed annually to the United Way. \$5,127 and \$2,630 is included in income for the years ended December 31, 2017 and 2016 for earnings distributed from this fund.

NOTE 16 - LINE OF CREDIT

The Organization maintains a bank line-of-credit in the amount of \$300,000. The line bears interest at the national prime rate. The rate at December 31, 2017 is 4.50%. The line matures on December 29, 2018. The line is secured by the Organization's investments.

NOTE 17 - GRANT RECEIVABLE

At December 31, 2016 a grant receivable of \$161,005 was due from the Indiana Association of United Ways for the United IN16 grant. \$80,005 was for Success by 6 and \$81,000 was for Healthier by 2020.