

UNITED WAY OF DENTON COUNTY, INC.

ANNUAL FINANCIAL REPORT

YEAR ENDED MARCH 31, 2018

UNITED WAY OF DENTON COUNTY, INC.
ANNUAL FINANCIAL REPORT
March 31, 2018 and 2017

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
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PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To The Board of Directors
United Way of Denton County, Inc.
Denton, Texas

We have audited the accompanying financial statements of United Way of Denton County, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, 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 audit 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 Denton County, Inc. as of March 31, 2018 and 2017, 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.

Hankins, Eastup, Deaton, Tonn & Seay, P.C.
Denton, Texas

June 12, 2018

UNITED WAY OF DENTON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,160,127	\$ 1,065,144
Investments	215,350	131,441
Pledges receivable, net	966,294	1,043,335
Accounts receivable - other	44,566	9,436
Prepaid expenses	13,422	24,897
Total Current Assets	<u>2,399,759</u>	<u>2,274,253</u>
Property and Equipment		
Land	152,931	152,931
Construction in progress	240,375	93,252
Office equipment and furniture	293,575	273,844
Less accumulated depreciation	(224,167)	(179,069)
Net Property and Equipment	<u>462,714</u>	<u>340,958</u>
Total Assets	<u>\$ 2,862,473</u>	<u>\$ 2,615,211</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	15,736	29,679
Designated funds payable	200,351	221,903
Total Current Liabilities	<u>216,087</u>	<u>251,582</u>
Other Liabilities:		
Real estate obligation payable	<u>150,000</u>	<u>150,000</u>
Net Assets:		
Unrestricted	1,221,500	1,101,236
Temporarily restricted	1,274,886	1,112,393
Total Net Assets	<u>2,496,386</u>	<u>2,213,629</u>
Total Liabilities and Net Assets	<u>\$ 2,862,473</u>	<u>\$ 2,615,211</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Campaign Results:			
Gross campaign results	\$ 1,114,814	\$ 1,274,886	\$ 2,389,700
Gross campaign results in prior year released from restriction	1,112,393	(1,112,393)	-
Total Campaign Results	<u>2,227,207</u>	<u>162,493</u>	<u>2,389,700</u>
Less provision for uncollectible amounts	(157,026)	-	(157,026)
Net Campaign Revenue	<u>2,070,181</u>	<u>162,493</u>	<u>2,232,674</u>
Other Revenue:			
Special events	59,660		59,660
Other contributions and grants	259,079	-	259,079
Other contributions released from restrictions	-	-	-
Service fees	35,481		35,481
Interest income	4,239		4,239
Total Other Revenue	<u>358,459</u>	<u>-</u>	<u>358,459</u>
Total Public Support and Revenue	<u>2,428,640</u>	<u>162,493</u>	<u>2,591,133</u>
Expenses:			
Program Services:			
Funds awarded/distributed	901,935	-	901,935
Community capacity building	710,966	-	710,966
Community education	92,101	-	92,101
I&R research	23,341	-	23,341
VITA	134,821	-	134,821
Project blueprint	25,867	-	25,867
Total Program Services	<u>1,889,031</u>	<u>-</u>	<u>1,889,031</u>
Supporting Services:			
Organizational administration	114,160	-	114,160
Campaign	305,185	-	305,185
Total Supporting Services	<u>419,345</u>	<u>-</u>	<u>419,345</u>
Total expenses	<u>2,308,376</u>	<u>-</u>	<u>2,308,376</u>
Change in Net Assets	120,264	162,493	282,757
Net Assets, Beginning of Year	1,101,236	1,112,393	2,213,629
Net Assets, End of Year	<u>\$ 1,221,500</u>	<u>\$ 1,274,886</u>	<u>\$ 2,496,386</u>

The accompanying notes are an integral part of these financial statements.

2017		
Unrestricted	Temporarily Restricted	Total
\$ 772,843	\$ 1,112,393	\$ 1,885,236
<u>1,138,474</u>	<u>(1,138,474)</u>	<u>-</u>
<u>1,911,317</u>	<u>(26,081)</u>	<u>1,885,236</u>
<u>(185,059)</u>	<u>-</u>	<u>(185,059)</u>
<u>1,726,258</u>	<u>(26,081)</u>	<u>1,700,177</u>
76,254		76,254
237,742	30,000	267,742
78,420	(78,420)	-
43,499		43,499
3,239		3,239
<u>439,154</u>	<u>(48,420)</u>	<u>390,734</u>
<u>2,165,412</u>	<u>(74,501)</u>	<u>2,090,911</u>
1,096,446	-	1,096,446
549,855	-	549,855
78,252	-	78,252
23,348	-	23,348
126,323	-	126,323
21,724	-	21,724
<u>1,895,948</u>	<u>-</u>	<u>1,895,948</u>
119,972	-	119,972
348,736	-	348,736
<u>468,708</u>	<u>-</u>	<u>468,708</u>
<u>2,364,656</u>	<u>-</u>	<u>2,364,656</u>
(199,244)	(74,501)	(273,745)
1,300,480	1,186,894	2,487,374
<u>\$ 1,101,236</u>	<u>\$ 1,112,393</u>	<u>\$ 2,213,629</u>

UNITED WAY OF DENTON COUNTY, INC.

STATEMENT OF CASH FLOWS
MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 282,757	\$ (273,745)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	45,098	44,084
(Increase) decrease in pledges receivable	77,041	95,139
(Increase) decrease in accounts receivable - other	(35,130)	7,427
(Increase) decrease in prepaid expenses	11,475	(2,469)
Increase (decrease) in accounts payable	(13,943)	(3,824)
Increase (decrease) in designated funds payable	(21,552)	(48,902)
Net Cash Provided by Operating Activities	<u>345,746</u>	<u>(182,290)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(166,854)	(301,389)
(Increase) decrease in investments	(83,909)	81,751
Net Cash Used by Investing Activities	<u>(250,763)</u>	<u>(219,638)</u>
Cash Flows from Financing Activities:		
Increase in Real estate obligation payable	-	150,000
Net Increase (Decrease) in Cash and Cash Equivalents	94,983	(251,928)
Cash and Cash Equivalents, Beginning of Year	<u>1,065,144</u>	<u>1,317,072</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,160,127</u>	<u>\$ 1,065,144</u>
Supplemental Data:		
Noncash Operating Activities:		
In-Kind Donations	<u>\$ 377</u>	<u>\$ 3,069</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2018 and 2017

2018

	Program Services						Support Services			Total	
	Allocation Services	Community Capacity Building	Community Education	I&R Research	VITA	Project Blueprint	Total Program Services	Organizational Administration	Campaign		Support Services
Allocations and Awards	\$ 825,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 825,250	\$ -	\$ -	\$ -	\$ 825,250
Total Allocations and Awards	825,250	-	-	-	-	-	825,250	-	-	-	825,250
Salaries and wages	33,429	398,099	41,016	7,145	86,101	11,395	577,185	63,473	141,408	204,881	782,066
Payroll taxes	2,548	30,118	3,170	555	6,527	882	43,800	4,855	10,861	15,716	59,516
Employee benefits	2,281	55,532	7,884	293	7,786	3,594	77,370	8,992	21,479	30,471	107,841
Total payroll expenses	38,258	483,749	52,070	7,993	100,414	15,871	698,355	77,320	173,748	251,068	949,423
Contract services	1,720	6,348	165	860	2,580	172	11,845	2,520	62,535	65,055	76,900
Supplies	2,043	33,168	7,252	75	5,480	4,388	52,406	4,633	11,284	15,917	68,323
Postage and shipping	259	470	317	-	1,391	69	2,506	1,012	1,697	2,709	5,215
Telephone and networks	258	2,865	623	322	644	35	4,747	1,125	1,273	2,398	7,145
Occupancy	4,858	54,781	2,523	4,360	7,139	889	74,550	9,371	8,292	17,663	92,213
Equipment rental & maintenance	3,913	41,883	6,634	2,401	9,019	1,459	65,309	4,494	6,903	11,397	76,706
Printing	281	7,652	6,352	4,826	1,193	13	20,317	780	14,783	15,563	35,880
Travel	179	9,253	6,108	-	2,789	-	18,329	7	705	712	19,041
Conferences and meetings	-	5,607	249	-	100	-	5,956	88	4,293	4,381	10,337
Insurance	284	1,675	437	243	240	129	3,008	1,101	1,506	2,607	5,615
Awards	-	678	134	-	-	615	1,427	-	316	316	1,743
Dues	379	2,088	2,276	256	435	183	5,617	797	946	1,743	7,360
Other	-	8,596	78	-	39	39	8,752	3,780	4,176	7,956	16,708
Special events	150	2,338	-	-	-	-	2,488	-	2,431	2,431	4,919
In-kind expenses	-	-	-	-	-	-	-	-	-	-	-
Veterans program expenses	-	33,711	-	-	-	-	33,711	-	-	-	33,711
United Way of America dues	1,287	4,215	3,296	1,288	1,288	1,288	12,662	4,078	4,721	8,799	21,461
United Way of Texas dues	267	1,066	1,332	266	266	266	3,463	799	1,066	1,865	5,328
Total Expenses Before Depreciation	54,136	700,143	89,846	22,890	133,017	25,416	1,025,448	111,905	300,675	412,560	1,438,028
Depreciation of Property and Equipment	22,549	10,823	2,255	451	1,804	451	38,333	2,255	4,510	6,765	45,098
Total Expenses	\$ 901,935	\$ 710,966	\$ 92,101	\$ 23,341	\$ 134,821	\$ 25,867	\$ 1,889,031	\$ 114,160	\$ 305,185	\$ 419,345	\$ 2,308,376

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF DENTON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2018 and 2017

2017

	Program Services										Support Services			Total
	Allocation Services	Community Capacity Building	Community Education	I&R Research	VITA	Project Blueprint	Total Program Services	Organizational Administration	Campaign	Support Services	Total			
Allocations and Awards	\$ 1,027,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,027,100	\$ -	\$ -	\$ -	\$ 1,027,100	\$ -	\$ -	\$ 1,027,100
Total Allocations and Awards	1,027,100	-	-	-	-	-	1,027,100	-	-	-	1,027,100	-	-	1,027,100
Salaries and wages	27,248	304,448	36,845	6,000	80,136	11,142	465,819	63,594	117,396	180,990	646,809	-	-	646,809
Payroll taxes	2,090	22,863	2,813	460	6,041	861	35,128	4,800	8,835	13,635	48,763	-	-	48,763
Employee benefits	2,472	47,178	7,888	1,336	8,186	893	67,953	11,070	23,137	34,207	102,160	-	-	102,160
Total payroll expenses	31,810	374,489	47,546	7,796	94,363	12,896	568,900	79,464	149,368	228,832	797,732	-	-	797,732
Contract services	1,570	5,338	-	785	2,355	157	10,205	2,355	125,140	127,495	137,700	-	-	137,700
Supplies	991	30,932	3,711	303	3,933	3,988	43,858	4,205	8,976	13,181	57,039	-	-	57,039
Postage and shipping	355	805	754	235	426	104	2,679	1,080	3,842	4,922	7,601	-	-	7,601
Telephone and networks	683	5,802	2,032	384	960	396	10,257	1,290	2,439	3,729	13,986	-	-	13,986
Occupancy	5,791	51,840	2,804	4,520	7,164	851	72,970	9,039	8,385	17,424	90,394	-	-	90,394
Equipment rental and maintenance	2,635	40,871	2,595	1,168	3,445	120	50,834	3,830	4,054	7,884	58,718	-	-	58,718
Printing	1,349	7,700	3,527	5,795	4,088	347	22,806	1,386	18,485	19,871	42,677	-	-	42,677
Travel	138	8,027	4,126	-	4,984	-	17,275	1,713	2,972	4,685	21,960	-	-	21,960
Conferences and meetings	29	2,392	1,356	19	86	19	3,901	545	5,352	5,897	9,798	-	-	9,798
Insurance	254	1,385	390	215	197	191	2,632	1,216	1,435	2,651	5,283	-	-	5,283
Awards	-	481	-	-	176	648	1,305	-	1,488	1,488	2,793	-	-	2,793
Dues	319	1,659	3,393	307	754	127	6,559	716	925	1,641	8,200	-	-	8,200
Other	-	170	60	-	249	59	538	5,908	2,152	8,060	8,598	-	-	8,598
Special events	-	913	450	-	-	-	1,363	-	-	-	1,363	-	-	1,363
In-kind expenses	-	-	-	-	-	-	-	-	3,069	3,069	3,069	-	-	3,069
Veterans program expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Way Worldwide dues	1,141	5,391	2,229	1,141	1,141	1,141	12,184	4,303	5,287	9,590	21,774	-	-	21,774
United Way of Texas dues	239	1,080	1,075	239	239	239	3,111	718	958	1,676	4,787	-	-	4,787
Total Expenses Before Depreciation	47,304	539,275	76,048	22,907	124,560	21,283	831,377	117,768	344,327	462,095	1,293,472	-	-	1,293,472
Depreciation of Property and Equipment	22,042	10,580	2,204	441	1,763	441	37,471	2,204	4,409	6,613	44,084	-	-	44,084
Total Expenses	\$ 1,096,446	\$ 549,855	\$ 78,252	\$ 23,348	\$ 126,323	\$ 21,724	\$ 1,895,948	\$ 119,972	\$ 348,736	\$ 468,708	\$ 2,364,656	\$ -	\$ -	\$ 2,364,656

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies

The nature of activities and summary of significant accounting policies of United Way of Denton County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. Management of the Organization is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

Nature of Activities –The United Way of Denton County, Inc. serves as a catalyst to facilitate the organized effort of the community to identify and address the existing and emerging human needs of its people. The Organization is supported primarily through donor contributions.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Financial statement presented follows the requirements of FASB ASC 958-210, *Not-For-Profit Entities-Balance Sheet*, and FASB ASC 958-225, *Not-For-Profit Entities-Income Statement*. Under those provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets are subject to donor-imposed stipulations that will be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At March 31, 2018 and 2017 the Organizations did not have any permanently restricted net assets.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking and money market accounts.

Investments – Investments consist of certificates of deposit. The certificates of deposit are one-year certificates that will mature in the next fiscal year. The certificates of deposit are reported at cost, which approximates fair value.

Support and Promises to Give – Annual campaigns are conducted to raise support for allocation to participating agencies in the current and subsequent year. The Organization is also conducting a capital campaign soliciting contributions and pledges to be used to build or purchase a new building. Unconditional promises to give are recognized as revenue when the promise to give is made, in accordance with GAAP. All support is considered available for unrestricted use or temporarily restricted due to time restrictions, unless specifically restricted by the donor. Promises to give are recorded as received, and allowances are provided for amounts estimated as uncollectable. The allowance for uncollectible pledges is established by the United Way Management based on past collection experience and current economic conditions.

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies - Continued

Some capital campaign promises to give are to be paid over time periods ranging from one to five years.

Donor restricted pass-through pledges are not recognized as revenue as the Organization acts only as an intermediary between the donor and the ultimate beneficiary as required by FASB ASC 958-605, Not-For-Profit Entities-Revenue Recognition. The SECC campaign and all specific donor donations to designated agencies fall under this designation.

Contributions – The Organization’s success in conducting its mission is highly dependent on attracting committed volunteers. A substantial number of volunteers have donated significant amounts of their time in the Organization’s management and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated property and professional services are recorded at their estimated fair value as of the date of the donation.

Property and Equipment – Property and equipment are stated at cost, or if donated, the approximate fair value as of the date of the donation, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Expenditures for the new construction, major renewals and replacements, and equipment are capitalized. Construction in progress relates to costs incurred for architectural and engineering fees for a planned new building. Land and construction in progress are not being depreciated.

Functional Expenses – The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on estimates made by the Organization’s management.

Income Taxes – The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Texas franchise and sales and use taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). United Way of Denton County, Inc. has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

The Organization applies the provisions of FASB ASC 74, *Income Taxes* related to the accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended March 31, 2018 and 2017, the organization does not believe it currently holds any uncertain tax positions, therefore no recognition of uncertain tax positions is reflected in the financial statements. There was no unrelated business income for the years ended March 31, 2018 and 2017, and as a result, there was no income tax liability.

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies - Continued

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs – Advertising costs are expensed as incurred.

NOTE 2 – Pledges Receivable

Pledges receivable at March 31, 2018 and 2017 consisted of the following promises and the expected time of collection:

	<u>2018</u>	<u>2017</u>
Pledges receivable in less than one year	\$ 987,059	\$1,094,008
Pledges receivable in two to five years	<u>144,057</u>	<u>186,994</u>
	1,131,116	1,281,002
Less allowance for uncollectible pledges	(156,791)	(230,212)
Less discount to present value	<u>(8,031)</u>	<u>(7,455)</u>
Pledges receivable, net	<u>\$ 966,294</u>	<u>\$1,043,335</u>

\$215,514 of the net pledges receivables are pledges to the Organization's capital building campaign.

NOTE 3 – Property and Equipment

Property and equipment consist of the following at March 31, 2018 and 2017:

	<u>2017</u>	<u>2016</u>
Land	\$ 152,931	\$ 159,931
Construction in progress	240,375	93,252
Office furniture and equipment	293,575	273,844
Less accumulated depreciation	<u>(224,167)</u>	<u>(179,069)</u>
Total	<u>\$ 462,714</u>	<u>\$ 340,958</u>

NOTE 4 – Real Estate Obligation Payable

In April 2015, the Organization acquired approximately 5 acres of land from Denton Housing Authority ("DHA") pursuant to a Purchase and Sale Agreement ("the agreement") for \$150,000. Under the agreement, the Organization was to build a building to house the offices of the Organization and make space in the building available to DHA for use by DHA for certain operations of DHA. Approximately 1,200 square feet of the planned building was to be built for DHA's use.

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 4 – Real Estate Obligation Payable – Continued

The \$150,000 real estate obligation payable to DHA for the land purchase will be amortized over a twenty year period at \$832 per month (including interest at 3.0% per annum) if the building was completed. The parties have entered into a lease agreement whereby DHA will lease the portion of the building used by DHA at a lease rate of \$832 per month to be applied to the real estate obligation payable.

The following are the principal payments required under the real estate obligation assuming the building is completed and occupied in March 2020:

Fiscal Year Ended <u>March 31,</u>	<u>Principal Payments</u>
2021	\$ 5,560
2022	5,729
2023	5,903
2024	6,083
2025	6,268
Thereafter	<u>120,457</u>
Total	<u>\$150,000</u>

The agreement places certain restrictions on the Organization in the event of a sale of the property and grants DHA a right of first refusal in the event of a sale of the property.

The Organization has started architectural plans and engineering for a building, but has not completed fund raising in order to begin construction. See Note 12.

NOTE 5 – Contributions – Donated Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's activities during the years. The value of this contributed time is not reflected in these statements. The contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Materials and other assets received as donations are reflected in the accompanying financial statements at their fair values on the date of receipt and are described as in-kind donations. In-kind donations were \$377 for year ended March 31, 2018 and \$3,069 for the year ended March 31, 2017.

NOTE 6 – Designated Funds Payable

The State Employee Charitable Contribution program (SECC) is the only authorized charitable fundraising drive in the State workplace. The United Way serves as the Local Campaign Manager for the SECC campaign. The Organization acts as an intermediary between the donor and the ultimate beneficiary. The SECC funds and designated funds collected through the United Way Campaign are not recognized as revenue by the Organization, but are reported as a designated payable in the statement of the financial position.

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 6 – Designated Funds Payable – Continued

The SECC campaign and the United Way campaign designated payables at March 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
SECC payable	\$136,672	\$111,931
Member agencies payable	36,086	50,756
Unaffiliated agencies payable	<u>27,593</u>	<u>59,216</u>
Total designated funds payable	<u>\$200,351</u>	<u>\$221,903</u>

NOTE 7 – Lease Commitments

The Organization leases office space and certain office equipment under operating leases expiring through July 2021. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of March 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
03/31/2018	\$ 82,016	\$ 76,312
03/31/2019	64,195	55,639
03/31/2020	8,556	-
03/31/2021	8,556	-
03/31/2022	<u>2,852</u>	<u>-</u>
Totals	<u>\$166,175</u>	<u>\$131,951</u>

Rent expense under operating leases was \$83,154 and \$80,885 for the years ended March 31, 2018 and 2017, respectively.

NOTE 8 – Retirement Plan

The Organization's retirement plan is administered by the United Way. It is a defined contribution retirement plan described under Section 403(b) of the Internal Revenue Service Code. It is a defined contribution retirement plan which provides retirement benefits for all employees who normally work more than twenty hours per week. The Organization contributed amounts during the years ended March 31, 2018 and 2017 equal to a maximum of six percent of the eligible employees' gross salaries. Contributions for the years ended March 31, 2018 and 2017 were \$36,630 and \$30,872, respectively. Under this plan, participant accounts are one-hundred percent vested at all times.

NOTE 9 – Temporarily Restricted Net Assets

Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of March 31, 2018 and 2017, temporarily restricted net assets were available for the following:

	<u>2018</u>	<u>2017</u>
Annual campaign pledges receivable, net	\$ 750,780	\$ 857,296
Capital campaign contributions	<u>524,106</u>	<u>255,097</u>
Total temporarily restricted net assets	<u>\$1,274,886</u>	<u>\$1,112,393</u>

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 10 – Concentration of Credit and Market Risk

The Organization maintains various bank accounts that may from time to time contain balances in excess of federally insured limits. The Organization manages this risk by maintaining the deposits with high quality financial institutions.

The Organization has various receivables as of March 31, 2018 and 2017. The Organization consider its risk of loss from receivables (net of allowance for uncollectible amounts) to be minimal.

The Organization received approximately 59% of its contributions from fifteen companies and/or their employees for the 2017 pledge campaign year and received approximately 76% of its contributions from fifteen companies and/or their employees for the 2016 pledge campaign year.

NOTE 11 – Financial Instruments

Accounts receivable – The amounts reported in the accompanying statements of financial position as accounts receivable approximate fair value because of the short maturities of those instruments.

Pledges receivable – The amounts reported in the accompanying statements of financial position as pledges receivable approximate fair value because of the short maturities of those instruments.

Accounts payable and other amounts payable – The carrying amounts reported in the accompanying statements of the financial position for accounts payable and other amounts payable approximate fair value.

The carrying amounts and fair value of the United Way's financial instruments at March 31, 2018 and 2017 are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and cash equivalents	\$1,160,127	\$1,160,127	\$1,065,144	\$1,065,144
Investments	215,350	215,350	131,441	131,441
Pledges receivable	966,294	966,294	1,043,335	1,043,335
Financial liabilities:				
Accounts payable and other amounts payable	216,087	216,087	251,582	251,582

UNITED WAY OF DENTON COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 and 2017

NOTE 12 – Subsequent Events

Management has evaluated the impact of all subsequent events on the Organization through June 12, 2018, the date of financial statements issuance.

In April 2018, the Organization signed a Letter of Intent to purchase the building currently occupied by the Organization. The Organization expects to close on the purchase of the building before June 30, 2018. The purchase price will be \$3.35 million, with the seller retaining a seller-financed note for \$2.8475 million. The Organization will fund the down payment from existing capital campaign receipts and by borrowing under a line of credit secured by capital campaign pledges (See Notes 2 and 9). All capital campaign donors have agreed to the use of their donations for the building purchase.

After completing the purchase of the building, the Organization will discontinue plans to build on the site acquired from DHA. The Organization plans to either sell the site or the site will revert to DHA and the Real Estate Obligation Payable will be cancelled (See Note 4). It is not known what amount may be recovered related to the Construction in Progress at March 31, 2018.