

# United Way of Washtenaw County

United Way  
of Washtenaw County



GIVE. ADVOCATE. VOLUNTEER. LIVE UNITED.

Years Ended  
June 30, 2016  
and 2015

Financial  
Statements  
and  
Supplementary  
Information

# UNITED WAY OF WASHTENAW COUNTY

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**INDEPENDENT AUDITORS' REPORT**

February 28, 2017

Board of Directors  
United Way of Washtenaw County  
Ann Arbor, Michigan

We have audited the accompanying financial statements of the *United Way of Washtenaw County* (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

***Independent Auditors' 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 auditor 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 Washtenaw County* as of June 30, 2016 and 2015, 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.

*Rehmann Lobson LLC*

# UNITED WAY OF WASHTENAW COUNTY

## STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2016	2015
<b>Current assets</b>		
Cash and cash equivalents	\$ 199,834	\$ 269,564
Pledges receivable, net of allowance for estimated uncollectible pledges of \$155,000 in 2016 (\$175,000 in 2015)	1,610,380	1,567,127
Investments	3,447,533	3,850,138
Prepaid expenses and other current assets	25,233	34,602
<b>Total current assets</b>	<b>5,282,980</b>	<b>5,721,431</b>
Investments held for long-term purposes	2,196,197	2,298,615
Net property and equipment	1,465,916	1,515,129
<b>Total assets</b>	<b>\$ 8,945,093</b>	<b>\$ 9,535,175</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 29,467	\$ 19,550
Grants payable	1,663,707	1,998,119
Designations payable	543,557	588,792
Accrued liabilities and other	59,250	60,623
Current portion of capital lease obligation	7,200	6,247
<b>Total current liabilities</b>	<b>2,303,181</b>	<b>2,673,331</b>
Capital lease obligation, net of current portion	18,717	25,917
Pension and postretirement obligations	224,708	45,908
<b>Total liabilities</b>	<b>2,546,606</b>	<b>2,745,156</b>
<b>Net assets</b>		
Unrestricted		
Undesignated	2,822,805	2,866,241
Board-designated	100,000	100,000
Donor-advised funds	366,552	613,227
Temporarily restricted	1,187,486	1,288,933
Permanently restricted	1,921,644	1,921,618
<b>Total net assets</b>	<b>6,398,487</b>	<b>6,790,019</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,945,093</b>	<b>\$ 9,535,175</b>

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

# UNITED WAY OF WASHTENAW COUNTY

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains, and other support</b>				
Campaign results				
Contributions	\$ 18,409	\$ 4,191,215	\$ -	\$ 4,209,624
Uncollectible pledges	-	(154,512)	-	(154,512)
Donor designations	-	(1,479,389)	-	(1,479,389)
Net campaign results	18,409	2,557,314	-	2,575,723
Donor-advised funds contributions	300,750	-	-	300,750
Grants	66,853	-	-	66,853
Donated services and supplies	164,831	-	-	164,831
Special events	44,941	-	-	44,941
Other contributions and bequests	422,207	-	26	422,233
Investment income	34,951	39,266	-	74,217
Gain on disposal of assets	-	-	-	-
Service fees	85,467	-	-	85,467
Miscellaneous income	3,343	-	-	3,343
<b>Total revenue, gains, and other support</b>	<b>1,141,752</b>	<b>2,596,580</b>	<b>26</b>	<b>3,738,358</b>
Net assets released from restrictions	2,747,108	(2,747,108)	-	-
<b>Total revenue, gains, other support, and net assets released from restrictions</b>	<b>3,888,860</b>	<b>(150,528)</b>	<b>26</b>	<b>3,738,358</b>
<b>Expenses</b>				
Program services				
Grants awarded				
Grants to agencies	3,265,883	-	-	3,265,883
Less donor designations	1,479,389	-	-	1,479,389
Net grants to agencies	1,786,494	-	-	1,786,494
Donor-advised funds awarded	547,425	-	-	547,425
Community impact	221,766	-	-	221,766
Community service	117,078	-	-	117,078
Regional call center 2-1-1	32,030	-	-	32,030
Volunteer center	41,840	-	-	41,840
Financial stability	62,386	-	-	62,386
Total program services	2,809,019	-	-	2,809,019
Support services				
Management and general	295,190	-	-	295,190
Fundraising	721,929	-	-	721,929
Total support services	1,017,119	-	-	1,017,119
<b>Total expenses</b>	<b>3,826,138</b>	<b>-</b>	<b>-</b>	<b>3,826,138</b>
Increase (decrease) in net assets - before other changes	62,722	(150,528)	26	(87,780)
Net realized and unrealized (losses) gains on investments	(92,840)	49,081	-	(43,759)
(Decrease) increase in net assets - before pension and other postretirement-related changes	(30,118)	(101,447)	26	(131,539)
Pension and other postretirement-related changes other than net periodic pension costs	(259,993)	-	-	(259,993)
<b>Changes in net assets</b>	<b>(290,111)</b>	<b>(101,447)</b>	<b>26</b>	<b>(391,532)</b>
Net assets, beginning of year	3,579,468	1,288,933	1,921,618	6,790,019
<b>Net assets, end of year</b>	<b>\$ 3,289,357</b>	<b>\$ 1,187,486</b>	<b>\$ 1,921,644</b>	<b>\$ 6,398,487</b>

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

Year Ended June 30, 2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 21,039	\$ 4,651,265	\$ -	\$ 4,672,304
-	(122,897)	-	(122,897)
-	(1,697,101)	-	(1,697,101)
<u>21,039</u>	<u>2,831,267</u>	<u>-</u>	<u>2,852,306</u>
3,248,506	-	-	3,248,506
42,120	1,331	-	43,451
171,355	-	-	171,355
50,654	-	-	50,654
234,956	-	25	234,981
21,370	37,183	-	58,553
1,295	-	-	1,295
94,430	-	-	94,430
17,190	-	-	17,190
<u>3,902,915</u>	<u>2,869,781</u>	<u>25</u>	<u>6,772,721</u>
<u>2,895,062</u>	<u>(2,895,062)</u>	<u>-</u>	<u>-</u>
<u>6,797,977</u>	<u>(25,281)</u>	<u>25</u>	<u>6,772,721</u>
3,813,648	-	-	3,813,648
1,697,101	-	-	1,697,101
<u>2,116,547</u>	<u>-</u>	<u>-</u>	<u>2,116,547</u>
2,610,850	-	-	2,610,850
265,651	-	-	265,651
113,667	-	-	113,667
32,863	-	-	32,863
51,844	-	-	51,844
33,463	-	-	33,463
<u>5,224,885</u>	<u>-</u>	<u>-</u>	<u>5,224,885</u>
264,116	-	-	264,116
711,333	-	-	711,333
975,449	-	-	975,449
<u>6,200,334</u>	<u>-</u>	<u>-</u>	<u>6,200,334</u>
597,643	(25,281)	25	572,387
(31,179)	83,501	-	52,322
566,464	58,220	25	624,709
(75,841)	-	-	(75,841)
490,623	58,220	25	548,868
3,088,845	1,230,713	1,921,593	6,241,151
<u>\$ 3,579,468</u>	<u>\$ 1,288,933</u>	<u>\$ 1,921,618</u>	<u>\$ 6,790,019</u>

# UNITED WAY OF WASHTENAW COUNTY

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016

	Program Services						Total
	Funds Awarded	Community Impact	Community Service	Regional Call Center 2-1-1	Volunteer Center	Financial Stability	
Grants to agencies	\$ 3,265,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,265,883
Less donor designations	1,479,389	-	-	-	-	-	1,479,389
Net grants to agencies	1,786,494	-	-	-	-	-	1,786,494
Donor-advised funds awarded	547,425	-	-	-	-	-	547,425
Salaries	-	136,581	65,361	-	15,034	21,315	238,291
Employee benefits	-	10,163	2,824	-	12	5	13,004
Payroll taxes	-	10,817	5,447	-	1,258	1,928	19,450
Defined benefit plan benefits	-	128	8	-	-	-	136
Postretirement health plan benefits	-	-	-	-	-	-	-
<b>Subtotal - salaries and related expenses</b>	<b>-</b>	<b>157,689</b>	<b>73,640</b>	<b>-</b>	<b>16,304</b>	<b>23,248</b>	<b>270,881</b>
Professional fees	-	12,802	8,190	-	8,933	19,808	49,733
Contract services	-	1,220	1,467	32,000	20	-	34,707
Data processing	-	550	318	-	203	556	1,627
Supplies	-	445	221	-	141	308	1,115
Telephone	-	1,572	792	-	504	301	3,169
Postage	-	294	97	30	63	487	971
Occupancy	-	9,839	5,817	-	3,911	1,586	21,153
Rental and maintenance of equipment	-	814	406	-	258	1,473	2,951
Printing and publications	-	4,659	1,386	-	1,355	3,077	10,477
Advertising	-	11	-	-	194	40	245
Awards and recognition	-	246	136	-	83	144	609
Conferences and training	-	5,305	1,047	-	178	4,958	11,488
Campaign supplies	-	-	14	-	-	118	132
Meetings	-	2,297	2,345	-	166	453	5,261
Special events	-	7	6,236	-	675	2,036	8,954
Depreciation	-	12,956	7,501	-	4,773	2,046	27,276
Insurance	-	1,944	1,126	-	716	307	4,093
Miscellaneous	-	547	317	-	202	90	1,156
Interest	-	167	97	-	65	23	352
Gifts in-kind	-	-	1,060	-	-	-	1,060
<b>Subtotal - other expenses</b>	<b>-</b>	<b>55,675</b>	<b>38,573</b>	<b>32,030</b>	<b>22,440</b>	<b>37,811</b>	<b>186,529</b>
United Way of America dues	-	8,402	4,865	-	3,096	1,327	17,690
<b>Total expenses</b>	<b>\$ 2,333,919</b>	<b>\$221,766</b>	<b>\$117,078</b>	<b>\$ 32,030</b>	<b>\$ 41,840</b>	<b>\$ 62,386</b>	<b>\$ 2,809,019</b>

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





Support Services			Total Expenses
Management and General	Fundraising	Total	
\$ -	\$ -	\$ -	\$ 3,265,883
-	-	-	1,479,389
-	-	-	1,786,494
-	-	-	547,425
156,129	224,290	380,419	618,710
15,385	20,230	35,615	48,619
12,955	18,087	31,042	50,492
-	-	-	136
(12,875)	-	(12,875)	(12,875)
<u>171,594</u>	<u>262,607</u>	<u>434,201</u>	<u>705,082</u>
30,942	31,651	62,593	112,326
-	1,075	1,075	35,782
666	1,210	1,876	3,503
1,005	1,001	2,006	3,121
1,813	2,868	4,681	7,850
1,066	2,701	3,767	4,738
15,825	19,568	35,393	56,546
1,248	1,415	2,663	5,614
4,008	21,728	25,736	36,213
102	84,039	84,141	84,386
284	455	739	1,348
1,206	2,935	4,141	15,629
-	4,371	4,371	4,503
1,106	3,774	4,880	10,141
-	68,281	68,281	77,235
15,683	25,229	40,912	68,188
2,354	3,886	6,240	10,333
35,913	2,675	38,588	39,744
203	326	529	881
-	163,771	163,771	164,831
<u>113,424</u>	<u>442,959</u>	<u>556,383</u>	<u>742,912</u>
<u>10,172</u>	<u>16,363</u>	<u>26,535</u>	<u>44,225</u>
<u>\$ 295,190</u>	<u>\$721,929</u>	<u>\$ 1,017,119</u>	<u>\$3,826,138</u>

# UNITED WAY OF WASHTENAW COUNTY

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

	Program Services					Total	
	Funds Awarded	Community Impact	Community Service	Regional Call Center 2-1-1	Volunteer Center		Financial Stability
Grants to agencies	\$ 3,813,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,813,648
Less donor designations	1,697,101	-	-	-	-	-	1,697,101
<b>Subtotal</b>	<b>2,116,547</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,116,547</b>
Donor-advised funds awarded	2,610,850	-	-	-	-	-	2,610,850
Salaries	-	137,830	64,484	-	13,506	11,239	227,059
Employee benefits	-	11,299	2,847	-	-	-	14,146
Payroll taxes	-	12,092	5,488	-	1,199	924	19,703
Defined benefit plan benefits	-	(1,384)	(83)	-	-	-	(1,467)
Postretirement health plan benefits	-	-	-	-	-	-	-
<b>Net grants to agencies</b>	<b>-</b>	<b>159,837</b>	<b>72,736</b>	<b>-</b>	<b>14,705</b>	<b>12,163</b>	<b>259,441</b>
Professional fees	-	8,584	5,381	-	8,668	1,388	24,021
Contract services	-	16,285	165	32,000	105	8,045	56,600
Data processing	-	472	282	-	166	71	991
Supplies	-	671	133	-	135	103	1,042
Telephone	-	2,588	1,375	-	875	489	5,327
Postage	-	444	222	-	307	365	1,338
Occupancy	-	18,037	5,921	-	3,997	1,594	29,549
Rental and maintenance of equipment	-	1,103	563	-	474	427	2,567
Printing and publications	-	3,672	1,344	-	2,347	1,277	8,640
Advertising	-	-	-	859	8,314	33	9,206
Awards and recognition	-	228	93	-	14	6	341
Conferences and training	-	4,438	328	-	406	2,722	7,894
Campaign supplies	-	-	-	-	-	-	-
Meetings	-	3,959	2,619	-	319	362	7,259
Special events	-	8,350	7,499	-	1,467	326	17,642
Depreciation	-	24,989	8,085	-	-	-	33,074
State membership fees	-	-	-	-	5,145	2,205	7,350
Insurance	-	1,942	1,124	-	715	307	4,088
Miscellaneous	-	20	12	-	7	3	42
Interest	-	169	75	4	44	20	312
Gifts in-kind	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>95,951</b>	<b>35,221</b>	<b>32,863</b>	<b>33,505</b>	<b>19,743</b>	<b>217,283</b>
United Way of America dues	-	9,863	5,710	-	3,634	1,557	20,764
<b>Total expenses</b>	<b>\$4,727,397</b>	<b>\$265,651</b>	<b>\$113,667</b>	<b>\$ 32,863</b>	<b>\$ 51,844</b>	<b>\$ 33,463</b>	<b>\$5,224,885</b>

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



Support Services			Total Expenses
Management and General	Fundraising	Total	
\$ -	\$ -	\$ -	\$ 3,813,648
-	-	-	1,697,101
-	-	-	<u>2,116,547</u>
-	-	-	<u>2,610,850</u>
147,175	226,327	373,502	600,561
8,752	18,340	27,092	41,238
14,197	19,737	33,934	53,637
(186)	(413)	(599)	(2,066)
<u>(13,375)</u>	-	<u>(13,375)</u>	<u>(13,375)</u>
<u>156,563</u>	<u>263,991</u>	<u>420,554</u>	<u>679,995</u>
27,844	30,811	58,655	82,676
-	555	555	57,155
587	920	1,507	2,498
630	1,102	1,732	2,774
3,265	4,952	8,217	13,544
1,379	3,040	4,419	5,757
6,281	18,357	24,638	54,187
2,056	1,975	4,031	6,598
6,718	17,444	24,162	32,802
295	78,116	78,411	87,617
978	506	1,484	1,825
3,469	4,091	7,560	15,454
-	4,786	4,786	4,786
3,438	5,585	9,023	16,282
-	55,529	55,529	73,171
8,268	24,805	33,073	66,147
-	-	-	7,350
2,451	3,781	6,232	10,320
27,711	137	27,848	27,890
244	288	532	844
-	171,355	171,355	171,355
<u>95,614</u>	<u>428,135</u>	<u>523,749</u>	<u>741,032</u>
<u>11,939</u>	<u>19,207</u>	<u>31,146</u>	<u>51,910</u>
<u>\$ 264,116</u>	<u>\$711,333</u>	<u>\$975,449</u>	<u>\$6,200,334</u>

# UNITED WAY OF WASHTENAW COUNTY

## STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2016	2015
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (391,532)	\$ 548,868
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	68,187	73,497
Contributions restricted for investment in endowment	(26)	(25)
Net realized and unrealized losses (gains) on investments	43,759	(52,322)
Uncollectible pledges	154,512	122,897
Pension and postretirement obligations	178,800	(7,325)
Changes in operating assets and liabilities which (used) provided cash		
Pledges receivable	(197,765)	(36,807)
Prepaid expenses and other current assets	9,369	5,518
Accounts payable	9,917	8,259
Designations payable	(45,235)	(121,486)
Grants payable	(334,412)	(42,220)
Accrued liabilities and other	(1,373)	(17,635)
<b>Net cash (used in) provided by operating activities</b>	<b>(505,799)</b>	<b>481,219</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(18,974)	(1,884)
Purchases of investments	(847,602)	(3,315,109)
Proceeds from sales of investments	1,308,866	2,723,876
<b>Net cash provided by (used in) investing activities</b>	<b>442,290</b>	<b>(593,117)</b>
<b>Cash flows from financing activities</b>		
Contributions restricted for investment in endowment	26	25
Payments on capital lease	(6,247)	(12,538)
<b>Net cash used in financing activities</b>	<b>(6,221)</b>	<b>(12,513)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(69,730)</b>	<b>(124,411)</b>
Cash and cash equivalents, beginning of the year	269,564	393,975
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 199,834</b>	<b>\$ 269,564</b>
<b>Supplemental disclosures of cash flows information</b>		
Cash paid for interest	\$ 881	\$ 2,052

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

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

United Way of Washtenaw County (the "Organization"), is a not-for-profit corporation that was formed on January 13, 1972. Skilled volunteers recruited by the Organization grant undesignated funds to local nonprofits based on community needs. In addition, the Organization distributes funds to nonprofits that are designated by the donor. The Organization's revenue is derived from voluntary contributions from the public. The Organization is governed by a volunteer Board of Directors. While the Organization is an affiliate of United Way Worldwide, it operates as an autonomous organization.

#### **Mission Statement**

The mission of United Way of Washtenaw County is to connect people, resources, and agencies together to create a thriving community for everyone.

The Organization provides the following program services:

#### **Community Impact**

In an effort to coordinate an approach to better meet human service needs and to increase the efficiency and effectiveness as funders, the Coordinated Funding Model was developed. Together with the Office of Community & Economic Development ("OCED") and the Ann Arbor Area Community Foundation ("Community Foundation"), United Way of Washtenaw County developed a funding model that supports shared, community-wide strategies, focusing the attention of donors, funders, and nonprofit service providers on outcomes and maximizing community resources to the greatest extent possible. Each organization brings capacity, knowledge, best practices, and experience, which result in improvements including comprehensive data reflecting community needs and a streamlined application process to access all funders at once. Approved programs that address the issues of hunger relief, housing, and homelessness, access to health care, early childhood, school-aged youth, and aging are funded annually. United Way of Washtenaw County continues to fund several other programs such as 2-1-1, Volunteer Washtenaw, etc., exclusive of Coordinated Funding. The Organization also retains a small flexible fund to address emerging needs or opportunities in the community.

#### **Community Service**

The Organization promotes United Way contributions from union members, recruits volunteers for United Way, and other nonprofits serving the community and links families through the Community Labor Council and the AFL-CIO Community Services Programs.

#### **Regional Call Center 2-1-1**

The Organization provides callers with information about and referrals to human services for everyday needs and in times of crisis. United Way Regional Call Center 2-1-1 offers basic human needs resources; physical/mental health resources; employment support; support for older Americans and persons with disabilities; support for children, youth, and families; and volunteer opportunities.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### **Volunteer Center**

The Organization administers a volunteer network that allows local non-profits to post volunteer opportunities. These opportunities are made available to the community via a website allowing individuals and other non-profits to assist with these projects. These services provide a way for the Organization to assist local non-profits without providing direct financial support.

### **Financial Stability**

The Organization provides services designed towards helping citizens become more economically self-sufficient reducing their need for safety-net services that are used during crisis situations. These services include a Volunteer Income Tax Assistance ("VITA") Program which uses IRS certified volunteers to assist low-income individuals with the preparation and filing of their annual tax return. In addition the Organization also provides Financial Empowerment Coaching through Americorp members designed at helping individuals develop healthy budgeting and spending habits as well as assistance with debt reduction and credit repair.

### **Basis of Presentation**

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Organization has classified information regarding its financial position and activities according to three classes of net assets depending on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

- *Unrestricted* - Unrestricted net assets are not restricted by funding source or donor, or the funding source requirements or donor-imposed restrictions have expired. Unrestricted net assets also contain donor-advised funds and Board-designated funds. Donor-advised funds are funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from these resources. The donors' advice in the awarding process is considered by the Board of Directors in making awards from these resources. Board-designated funds are funds designated by the Board for a particular purpose.
- *Temporarily Restricted* - Temporarily restricted net assets contain funding source or donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied by either the passage of time or the actions of the Organization and are reported as reclassifications between the applicable classes of net assets.
- *Permanently Restricted* - Permanently restricted net assets contain funding source or donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

### Use of Estimates

The preparation of financial statements in conformity with GAAP 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 of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the allowance for uncollectible pledges and the assumptions used in the actuarial valuations of the pension and other postemployment benefit plans.

### Cash and Cash Equivalents

The Organization considers all highly liquid investments purchases with an original maturity of three months or less to be cash equivalents. The Organization maintains cash deposits with financial institutions, which at times, may exceed the federally insured limits.

### Pledges Receivable and Campaign Revenue Recognition

Contributions of cash and other assets, including unconditional promises to give in the future (pledges), are reported as revenue when received at fair value. These pledges, all of which are due primarily within one year, consist of amounts designated to other organizations and amounts to be used for operations. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. All other contributions are reported as unrestricted support. Unconditional promises to give (pledges) with payments due in future periods are assumed to have an implicit time restriction. Those restrictions are released as contributions are collected or when grants are made to recipient organizations based on those future collections.

The provision for uncollectible pledges is computed based upon a five year historical average, adjusted by management's estimates of current economic factors and applied to campaign results, excluding donor designations.

### Designations to Agencies

The Organization receives pledges from donors designating the resources to specified agencies. The Organization collects these resources and disburses the funds to the designated agencies. Designated pledges are excluded from contribution revenue and the related disbursements to specified agencies are excluded from gross funds awarded in the statement of activities and changes in net assets. Service fees are withheld from these designated amounts in accordance with the agreement with the donor. Service fee revenue is recognized in the period when the designation is received from the donor.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Investments

Investment securities purchased are initially recorded at cost and investment securities received by gift are recorded at fair values at the date of donation. Thereafter, the carrying value of such investments is adjusted to fair values based on quoted market prices. Gains and losses from sales of securities are determined on a specific identification basis. Investment income derived from interest and dividends is included in operations, unless their use is restricted by explicit donor imposed restriction or law.

### Donor-Advised Funds

Donor-advised funds are established with gifts from donors with the request that the donors be allowed to provide advice regarding the distribution of the transferred assets to unaffiliated beneficiaries. These donors have granted the Organization variance power, which allows the Organization the flexibility to modify the donors' advice as necessary to serve the charitable purposes of the Organization. When accounting for additions to donor-advised funds, the Organization records the assets received or promised as unrestricted contribution revenue and amounts awarded as donor-advised funds awarded on the statement of activities and changes in net assets.

### Grants to Agencies

Grants to agencies are reported as expense when unconditionally committed to the recipient by the Organization. Grants represent ongoing service delivery to recipients.

### Donated Services and Supplies

The Organization receives volunteer services that are not recordable under GAAP. A substantial number of volunteers have donated a significant amount of time in the Organization's fundraising campaigns, determination of the granting of the funds raised and in preparation of tax returns in the Organization's VITA program. The value of volunteer services is not disclosed, as no objective basis is available to measure the value of such services. Donated materials are recorded at the fair value at the time of receipt. The Organization received advertising and legal services as well as special event materials totaling \$164,831 and \$171,355 for the years ended June 30, 2016 and 2015, respectively.

### Property and Equipment and Depreciation

All property and equipment purchased and recorded to capital outlay accounts in excess of \$1,000 are capitalized. Ordinary maintenance and repairs are expensed. Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is provided over the shorter of the estimated useful lives of the respective assets or the lease term on a straight-line basis. A summary of depreciable lives follows:

Land improvements	25 years
Buildings	50 years
Furniture and equipment	3-15 years



# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

### Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Company was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income."

The Organization has evaluated its income tax filing positions for fiscal years 2013 through 2016, the years which remain subject to examination as of June 30, 2016. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next 12 months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2016, and is not aware of any claims for such amounts by federal or state income tax authorities.

### Advertising

The costs of advertising are expensed as incurred.

### Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

For a further discussion of fair value measurement, refer to Note 4 to the financial statements.

The fair value of certain mutual funds and Community Foundation Funds are measured based on net asset value per share, or its equivalent. Investments with readily determinable net asset value traded in an active market are categorized as Level 1 investments. In the absence of active markets, these investments are categorized as either Level 2 or Level 3 based on the ability to redeem those shares on or near the statement of financial position date.

### Reclassification

Certain amounts as reported in the 2015 financial statements have been reclassified to conform with the 2016 presentation.

### Subsequent Events

In preparing these financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2016, the most recent statement of financial position presented herein, through February 28, 2017, the date these financial statements were available to be issued. No such significant transactions or events were identified.

## 2. INVESTMENTS

The fair value of investments as of June 30 is as follows:

	2016	2015
Cash equivalents	\$ 90,419	\$ 13,158
Mutual funds	2,020,565	2,193,108
Beneficial interest in funds held by Ann Arbor Area Community Foundation	<u>85,213</u>	<u>92,349</u>
<b>Total investments held for long-term purposes</b>	<b><u>2,196,197</u></b>	<b><u>2,298,615</u></b>
Certificates of deposit	2,699,977	780,689
Money market funds	747,556	2,456,222
Fixed income mutual funds	<u>-</u>	<u>613,227</u>
<b>Total current investments</b>	<b><u>3,447,533</u></b>	<b><u>3,850,138</u></b>
<b>Total investments</b>	<b><u>\$ 5,643,730</u></b>	<b><u>\$ 6,148,753</u></b>

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

The activity in the investment funds of the Organization and the Community Foundation for the year ended June 30, 2016 is as follows:

	Investments	Community Foundation	Total
Investment returns (losses), dividends included in operations	\$ 74,251	\$ (34)	\$ 74,217
Net realized and unrealized losses on investments	<u>(40,166)</u>	<u>(3,593)</u>	<u>(43,759)</u>
<b>Total investment income (loss)</b>	<b>34,085</b>	<b>(3,627)</b>	<b>30,458</b>
Other activity			
Other deposits	772,028	-	772,028
Distributions and grants	<u>(1,304,000)</u>	<u>(3,509)</u>	<u>(1,307,509)</u>
<b>Total activity</b>	<b>(497,887)</b>	<b>(7,136)</b>	<b>(505,023)</b>
Balance beginning of year	<u>6,056,404</u>	<u>92,349</u>	<u>6,148,753</u>
<b>Balance end of year</b>	<b><u>\$ 5,558,517</u></b>	<b><u>\$ 85,213</u></b>	<b><u>\$ 5,643,730</u></b>

The activity in the investment funds of the Organization and the Community Foundation for the year ended June 30, 2015 is as follows:

	Investments	Community Foundation	Total
Investment returns, dividends included in operations	\$ 58,800	\$ (247)	\$ 58,553
Net realized and unrealized gains on investments	<u>51,895</u>	<u>427</u>	<u>52,322</u>
<b>Total investment income</b>	<b>110,695</b>	<b>180</b>	<b>110,875</b>
Other activity			
Other deposits	3,248,507	25	3,248,532
Distributions and grants	<u>(2,712,379)</u>	<u>(3,473)</u>	<u>(2,715,852)</u>
<b>Total activity</b>	<b>646,823</b>	<b>(3,268)</b>	<b>643,555</b>
Balance beginning of year	<u>5,409,581</u>	<u>95,617</u>	<u>5,505,198</u>
<b>Balance end of year</b>	<b><u>\$ 6,056,404</u></b>	<b><u>\$ 92,349</u></b>	<b><u>\$ 6,148,753</u></b>

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### 3. DONOR-RESTRICTED ENDOWMENTS

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's endowment funds are donor-restricted endowment funds.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

The following tables summarize the changes in the Organization's endowment during the years ended June 30:

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (8,022)	\$ 310,598	\$ 1,921,618	\$ 2,224,467
Investment return (loss)				
Investment income	-	39,266	-	39,266
Net depreciation) appreciation (realized and unrealized)	(3,593)	49,081	-	45,488
Total investment return (loss)	(3,593)	88,347	-	84,754
Contributions	-	-	26	26
Distributions	(3,543)	-	-	(3,543)
Appropriation of endowment assets for expenditure	-	(109,234)	-	(109,234)
Endowment net assets, end of year	\$ (15,158)	\$ 289,711	\$ 1,921,644	\$ 2,196,197

  

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (4,703)	\$ 287,774	\$ 1,921,593	\$ 2,204,664
Investment return				
Investment income	-	37,183	-	37,183
Net appreciation (realized and unrealized)	427	83,501	-	83,928
Total investment return	427	120,684	-	121,111
Contributions	-	-	25	25
Distributions	(3,746)	-	-	(3,473)
Appropriation of endowment assets for expenditure	-	(97,860)	-	(97,860)
Endowment net assets, end of year	\$ (8,022)	\$ 310,598	\$ 1,921,618	\$ 2,224,194

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2016 and 2015, the fair value of the Community Foundation endowment assets had fallen below its corpus level by \$15,158 and \$8,022, respectively. This deficiency resulted from unfavorable market fluctuations.

### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. The primary objective under this investment policy, as approved by the board of directors, is to accept a moderate level of risk in exchange for capital appreciation and growth of principal.

Income from endowment assets accrues to the individual funds at the rate earned by the combined assets unless otherwise specified by the donor. Investments are diversified amongst equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. In general, investment distribution percentage targets are 40% to 80% equity, 10% to 55% in bonds and 0% to 30% in cash equivalents.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified assets allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior five quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment.

## 4. FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Certificates of Deposit

The carrying amounts of certificates of deposit approximate fair values (Level 1).

### Money Market Funds and Mutual Funds

Shares held in money market funds and mutual funds traded on national securities exchanges are valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding (Level 1).

### Beneficial Interest in Funds Held by Community Foundation

The Organization is allocated its portion of the total fair values of the underlying securities of the Foundation, a measure considered equivalent to net asset value. The underlying securities held by the Foundation cannot be liquidated or redeemed by the Organization (Level 3).

### Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2016	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalents	\$ 90,419	\$ -	\$ -	\$ 90,419
Certificates of deposit	2,699,977	-	-	2,699,977
Money market funds	747,556	-	-	747,556
Mutual funds	2,020,565	-	-	2,020,565
Beneficial interest in funds held by Ann Arbor Area Community Foundation	-	-	85,213	85,213
<b>Total assets</b>	<b><u>\$5,558,517</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 85,213</u></b>	<b><u>\$5,643,730</u></b>

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

2015	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalents	\$ 13,158	\$ -	\$ -	\$ 13,158
Certificates of deposit	780,689	-	-	780,689
Money market funds	2,456,222	-	-	2,456,222
Mutual funds	2,806,335	-	-	2,806,335
Beneficial interest in funds held by Ann Arbor Area Community Foundation	-	-	92,349	92,349
<b>Total assets</b>	<b><u>\$6,056,404</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 92,349</u></b>	<b><u>\$6,148,753</u></b>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets measured at fair value on a recurring basis for the years ended June 30:

Community Foundation	2016	2015
Balance of recurring Level 3 assets at beginning of year	\$ 92,349	\$ 95,617
Net investment (loss) gain	(3,619)	180
Purchases	26	25
Distributions	(3,543)	(3,473)
<b>Balance of recurring Level 3 assets at end of year</b>	<b><u>\$ 85,213</u></b>	<b><u>\$ 92,349</u></b>



# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### 5. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following assets at June 30:

	2016	2015
Land	\$ 81,195	\$ 81,195
Land improvements	33,327	33,327
Buildings	1,879,772	1,876,682
Furniture and fixtures	<u>272,510</u>	<u>256,626</u>
Total	2,266,804	2,247,830
Less accumulated depreciation	<u>800,888</u>	<u>732,701</u>
Net property and equipment	<u>\$ 1,465,916</u>	<u>\$ 1,515,129</u>

### 6. LEASES

The Organization conducts a portion of its operations with leased property, a portion of which meet capitalization criteria specified by GAAP. The future minimum lease payments under capital leases are as follows:

Year	Amount
2017	\$ 7,200
2018	7,200
2019	7,200
2020	<u>6,000</u>
Total	27,600
Less amounts representing Interest	<u>1,683</u>
Present value of net minimum lease payments	<u>\$ 25,917</u>

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

Equipment purchased under the capital leases has been capitalized and is included in property and equipment. As of June 30, 2016 and 2015, \$33,186 has been capitalized as equipment with related accumulated depreciation of \$7,743 and \$1,106, respectively. Interest rates on the capital lease is 3.5%

The Organization recorded rent expense for its operating leases of \$0 and \$5,903 for the years ended June 30, 2016 and 2015, respectively.

### 7. LINES OF CREDIT

The Organization has available an unsecured line of credit, which allows the Organization to borrow up to \$500,000. Interest is payable at the bank's prime rate (3.25% at June 30, 2016). This line of credit is due on demand and there were no outstanding borrowings on it at June 30, 2016 and 2015.

### 8. RETIREMENT PLANS

#### Defined Benefit Pension Plan and Other Postretirement Benefit Plan

The Organization sponsored a defined benefit pension plan covering employees who met certain minimum service requirements. Costs were computed in accordance with the projected unit credit method with service cost equal to the annual cost of projected benefits for eligible employees. As of April 30, 2007, the Board of Directors froze the plan.

The Organization also has a plan that provides an annuity for a former employee and postretirement health benefits for certain individuals (the "Plan"). Employees are eligible to participate in the Plan if they were hired prior to January 1, 1995 and had attained their 40<sup>th</sup> birthday prior to December 31, 1995. Eligible participants and their spouses may receive benefits under the Plan after attaining age 55 as an active employee and completing 20 or more years of service with United Way of Washtenaw County or any other United Way organization. Benefits provided include comprehensive health insurance and dental insurance. The Plan specifies employee copayments and imposes limits on certain types of services provided. The Organization funds the Plan in the year in which the benefits are paid.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Obligations and Funded Status*

Benefit obligations are projected to a measurement date at June 30. Changes in the projected benefit obligations (equal to accumulated benefit obligations) and plan assets during each year and the funded status of the plans are summarized as follows at June 30, 2016 and June 30, 2015:

	Defined Benefit Pension Plan		Defined Benefit Healthcare Plan	
	2016	2015	2016	2015
<b>Change in projected and accumulated benefit obligation</b>				
Benefit obligation, beginning of year	\$ 1,657,090	\$ 1,608,569	\$ 57,051	\$ 56,516
Interest cost	80,500	78,935	2,267	2,254
Actuarial loss (gain)	173,852	25,376	(10,357)	5,302
Benefits paid	<u>(64,148)</u>	<u>(55,790)</u>	<u>(7,486)</u>	<u>(7,021)</u>
Benefit obligation, end of year	1,847,294	1,657,090	41,475	57,051
<b>Change in plan assets</b>				
Fair value of plan assets, beginning of year	1,668,233	1,611,852	-	-
Investment return (loss)	(892)	51,467	-	-
Organization contribution	60,868	60,704	-	-
Benefits paid	<u>(64,148)</u>	<u>(55,790)</u>	<u>-</u>	<u>-</u>
Fair value of plan assets, end of year	<u>1,664,061</u>	<u>1,668,233</u>	<u>-</u>	<u>-</u>
<b>Funded status (deficiency in funded status), end of year</b>	<b><u>\$ (183,233)</u></b>	<b><u>\$ 11,143</u></b>	<b><u>\$ (41,475)</u></b>	<b><u>\$ (57,051)</u></b>

Amounts recognized on the statements of financial position at the end of each year consist of the following classifications:

	Defined Benefit Pension Plan		Defined Benefit Healthcare Plan	
	2016	2015	2016	2015
<b>Liabilities</b>				
Noncurrent	<u>\$ 183,233</u>	<u>\$ (11,143)</u>	<u>\$ 41,475</u>	<u>\$ 57,051</u>
<b>Total</b>	<b><u>\$ 183,233</u></b>	<b><u>\$ (11,143)</u></b>	<b><u>\$ 41,475</u></b>	<b><u>\$ 57,051</u></b>

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

The components of net periodic benefit cost, which are included in expenses, are as follows in each year:

	Defined Benefit Pension Plan		Defined Benefit Healthcare Plan	
	2016	2015	2016	2015
Interest cost on projected benefit obligation	\$ 80,500	\$ 78,935	\$ 2,267	\$ 2,254
Expected return on plan assets	(115,511)	(112,863)	-	-
Amortization of prior service benefit	-	-	(13,741)	(13,741)
Recognized actuarial loss (gain)	<u>35,147</u>	<u>31,862</u>	<u>(1,401)</u>	<u>(1,888)</u>
Net periodic benefit cost (income)	<u>\$ 136</u>	<u>\$ (2,066)</u>	<u>\$ (12,875)</u>	<u>\$ (13,375)</u>

The Organization adjusts the funded status in a liability account to reflect the current funded status of the plans on the statements of financial position. Any gains or losses that arise during the year but are not recognized as components of net periodic benefit cost are recognized below the (decrease) increase in net assets - before other changes on the statements of activities and changes in net assets.

The following table presents items not yet recognized as a component of net periodic benefit cost for the years ended June 30:

	Defined Benefit Pension Plan		Defined Benefit Healthcare Plan	
	2016	2015	2016	2015
Unrecognized prior service benefit	\$ -	\$ -	\$ (164,884)	\$ (178,625)
Unrecognized actuarial net loss (gain)	<u>949,239</u>	<u>694,031</u>	<u>(30,076)</u>	<u>(21,120)</u>
Net amount recognized in unrestricted net assets - end of year	949,239	694,031	(194,960)	(199,745)
Net amount recognized in unrestricted net assets - beginning of year	<u>694,031</u>	<u>639,121</u>	<u>(199,745)</u>	<u>(220,676)</u>
Pension and post-retirement health care plan - related changes other than net periodic benefit cost	<u>\$ 255,208</u>	<u>\$ 54,910</u>	<u>\$ 4,785</u>	<u>\$ 20,931</u>

The estimated net actuarial loss and prior service benefit for the defined benefit pension and healthcare plans that will be amortized into net periodic benefit cost (income) in fiscal 2017 is approximately \$23,000 and \$15,000, respectively.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Assumptions*

Significant assumptions used in determining net periodic benefit cost and the related pension and healthcare benefit obligations were as follows for the years ended June 30, 2016 and 2015:

	Defined Benefit Pension Plan		Defined Benefit Healthcare Plan	
	2016	2015	2016	2015
Discount rate used to determine benefit obligations	5.00%	5.00%	3.50%	4.25%
Assumptions used to determine net periodic benefit cost				
Discount rate	5.00%	5.00%	4.25%	5.00%
Expected long-term rate on plan assets	7.00%	7.00%	-	-
Healthcare cost trend rate assumed for next year	N/A	N/A	9.00%	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	N/A	N/A	2020	2019

The overall expected rate of return on plan assets represents a weighted-average composite rate based upon historical rates of returns of the respective asset classes.

### *Defined Benefit Pension Plan Assets*

The Organization's pension plan weighted average asset allocation at June 30, 2016 and June 30, 2015, by asset category, are as follows:

	2016	2015
Asset category		
Equity securities	63%	68%
Fixed income	28%	29%
Cash equivalents	<u>9%</u>	<u>3%</u>
Total	100%	100%

The goal of the pension plan investment program is to fully fund the obligation to pay defined pension benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Organization, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits.

The Organization classifies the pension plan's investments at fair value in three levels based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. Level 1 refers to securities valued using quoted prices in active

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

markets for identical assets. Level 2 refers to securities not traded in an active market but for which observable market inputs are readily available. Level 3 refers to securities valued based on significant unobservable inputs.

The fair values of the Organization’s pension plan assets by major asset classes are as follows:

June 30, 2016	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
<b>Mutual funds</b>				
Fixed income	\$ 458,940	\$ -	\$ -	\$ 458,940
Balanced	153,705	-	-	153,705
Equity	682,951	-	-	682,951
Global	<u>219,628</u>	<u>-</u>	<u>-</u>	<u>219,628</u>
<b>Total</b>	<b><u>\$ 1,515,224</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,515,224</u></b>

June 30, 2015	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
<b>Mutual funds</b>				
Fixed income	\$ 490,632	\$ -	\$ -	\$ 490,632
Balanced	159,894	-	-	159,894
Equity	741,623	-	-	741,623
Global	<u>229,142</u>	<u>-</u>	<u>-</u>	<u>229,142</u>
<b>Total</b>	<b><u>\$ 1,621,291</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,621,291</u></b>

The difference between the plan assets of \$1,664,061 and \$1,668,233 and total investments per the fair value table of \$1,515,224 and \$1,621,291 above is \$148,837 and \$46,942, for June 30, 2016 and 2015, respectively, held in a deposit account not subject to fair market valuation.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and June 30, 2015.

*Mutual funds:* Shares held in mutual funds traded on national securities exchanges are valued at the net asset value (“NAV”) of shares held by the pension plans at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Contributions*

The Company expects to make a contribution of \$50,000 and \$3,136 to its defined benefit pension and healthcare plans, respectively in fiscal year 2017.

### *Estimated Future Benefit Payments*

The following benefit payments, which reflect expected future service, as appropriate are expected to be paid:

Year	Pension Benefits	Other Post Retirement Benefit
2017	\$ 98,027	\$ 3,136
2018	112,955	3,258
2019	114,614	3,346
2020	116,643	3,395
2021	118,100	3,401
2022-2026	636,379	15,891

### Defined Contribution Plans

The Organization has an employee 401(k) salary deferral plan. All employees who have reached the age of 21 are eligible to participate in the plan. The Organization makes matching and discretionary contributions for all eligible employees with service of at least one year and 1,000 hours of service. The Organization matches 3% of employee salary up to salary deferral. Total matching contributions for the years ended June 30, 2016 and 2015 were \$13,416 and \$13,433, respectively. No discretionary contributions were made during the years ended June 30, 2016 and 2015.

The Organization has an employee 403(b) salary deferral plan. This plan is inactive and no new participants have been accepted since January 2009.

## 9. RESTRICTED AND BOARD-DESIGNATED NET ASSETS

Temporarily restricted net assets consist of pledges made for general operating purposes that were not yet received at June 30, 2016 and 2015, net of the allocations and designations to be paid from the contributions raised by the current campaign and restricted contributions.

# UNITED WAY OF WASHTENAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

Temporarily restricted net assets are available for the following purposes as of June 30:

	2016	2015
Time restriction - pledges	\$ 897,775	\$ 978,335
Endowment earnings in excess of distributions	<u>289,711</u>	<u>310,598</u>
<b>Total temporary restricted net assets</b>	<b><u>\$ 1,187,486</u></b>	<b><u>\$ 1,288,933</u></b>

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable for operations or other purposes as decided by the board. Permanently restricted net assets at June 30, 2016 and 2015 were \$1,921,644 and \$1,921,618, respectively.

Board-designated net assets are designated campaign contributions to be allocated out at a future time based on board approval. Board-designated net assets at June 30, 2016 and 2015 are \$100,000.

### 10. CONCENTRATION

The Organization receives pledges from employees at businesses and organizations located throughout Washtenaw County. As of and for the year ended June 30, 2016, employees at two local organizations accounted for approximately 18% of the total campaign revenues and 45% of the outstanding pledges receivable balances.

### 11. RELATED PARTY TRANSACTIONS

The Organization has insurance relationships with an entity whose chief operating officer is a member of the Board of Directors. In addition, the Organization awarded grants and assistance to an organization whose superintendent is also a member of the Board of Directors. A summary of expenses resulting from business conducted with the related entities or individuals is as follows for the years ended June 30:

	2016	2015
Insurance	\$ 12,251	\$ 9,820
Information Technology	8,230	-
Grants awarded	67,380	69,160





**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

February 28, 2017

To the Board of Directors  
United Way of Washtenaw County  
Ann Arbor, Michigan

We have audited the financial statements of the *United Way of Washtenaw County* (the "Organization") as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated February 28, 2017, which expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on these financial statements as a whole. The supplemental schedules of grants and donor designations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Rehmann Robson LLC".

## SUPPLEMENTARY INFORMATION

# UNITED WAY OF WASHTENAW COUNTY

## SCHEDULES OF GRANTS AND DONOR DESIGNATIONS

	Year Ended June 30	
	2016	2015
2-1-1	\$ -	\$ 21,120
Aid in Milan	10,000	10,000
American Red Cross	-	25,000
AmeriCorps	-	4,750
Ann Arbor Center for Independent Living	-	2,500
Ann Arbor Meals on Wheels	15,000	25,778
Ann Arbor Public Schools	-	3,800
Avalon Housing	25,000	58,438
Barrier Busters	-	600
Big Brothers Big Sisters of Washtenaw County	10,000	-
Blueprint for Aging	-	41,000
Catholic Social Services	24,453	345,965
Center for Healthcare Research	-	18,000
Chelsea Senior Citizens Activities	-	10,946
Child Care Network	180,000	100,000
Community Action Network	95,000	4,000
Community Dental Center	-	16,220
Community Resource Center, Inc.	16,000	-
Corner Health Center	155,840	94,975
Faith in Action	10,000	12,800
Food Gatherers	185,000	119,031
Friends in Deed	-	1,250
Habitat for Humanity	-	950
HighScope Educational Research Foundation	10,000	-
HIV/AIDS Resource Center	10,000	2,500
Home of New Vision	45,000	42,901
Hope Clinic	47,000	78,375
House by the Side of the Road	-	481
Housing Bureau for Seniors	15,000	4,914
Interfaith Hospitality Network	12,362	-
Jewish Family Services	55,000	66,651
Legal Services of South Central MI	65,000	630
Manchester Community Resource Center	-	10,520
Mentor2Youth	15,000	-
Michigan Ability Partners	45,000	-
Milan Seniors for Healthy Living	15,000	29,640
Neutral Zone	15,000	-
NEW	-	16,500
Ozone House Youth & Family	14,839	149,576

Continued

See independent auditors' report on supplementary information.

# UNITED WAY OF WASHTENAW COUNTY

## SCHEDULES OF GRANTS AND DONOR DESIGNATIONS

	Year Ended June 30	
	2016	2015
Parkridge Community Center	\$ -	\$ 3,560
Peace Neighborhood Center	15,000	6,110
Foundations Preschool of Washtenaw County/Perry Nursery School	165,000	118,577
SafeHouse Center	55,000	68,671
Saline Area Social Service	-	15,000
Salvation Army of Washtenaw	55,000	20,000
Senior Crisis Intervention Program Fund	20,000	-
Shelter Association of Washtenaw	45,000	13,338
SOS Community Services	20,000	105,105
Student Advocacy Center	35,000	168,104
The Family Learning Institute	20,000	42,750
The Women's Center of Southeastern Michigan	12,000	-
U of M Optimize Team	-	5,000
Varsity Letter Scholarship Award	-	1,000
Washtenaw County Sheriff's Office	-	7,640
Washtenaw County Public Health	-	5,000
Washtenaw Health Plan	-	20,000
Washtenaw Housing Alliance	-	30,000
Washtenaw Intermediate School	45,000	139,210
Washtenaw Mental Health	50,000	-
Washtenaw Area Council for Children	7,000	7,553
Ypsilanti Community Schools	-	3,000
Ypsilanti Meal on Wheels	40,000	10,000
Grants pending	112,000	7,118
<b>Total grants to agencies</b>	<b>1,786,494</b>	<b>2,116,547</b>
<b>Donor designations</b>	<b>1,479,389</b>	<b>1,697,101</b>
<b>Donor-advised funds awarded</b>	<b>547,425</b>	<b>2,610,850</b>
<b>Gross funds awarded</b>	<b>\$ 3,813,308</b>	<b>\$ 6,424,498</b>

See independent auditors' report on supplementary information.