

# United Way of Washtenaw County

United Way  
of Washtenaw County  
GIVE. ADVOCATE. VOLUNTEER. LIVE UNITED.



Years Ended  
June 30,  
2018 and 2017

## Financial Statements and Supplementary Information

# UNITED WAY OF WASHTENAW COUNTY

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**INDEPENDENT AUDITORS' REPORT**

November 26, 2018

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, 2018 and 2017, 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 Organization'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 Organization'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, 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.

*Rehmann Lobson LLC*

# UNITED WAY OF WASHTENAW COUNTY

## Statements of Financial Position

	June 30	
	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 289,543	\$ 300,068
Current portion of pledges receivable, net	1,190,625	1,353,785
Investments	3,131,217	3,211,334
Prepaid expenses and other current assets	75,159	29,073
<b>Total current assets</b>	<b>4,686,544</b>	<b>4,894,260</b>
Pledges receivable, less current portion, net	102,131	-
Investments held for long-term purposes	2,458,441	2,397,721
Net property and equipment	1,398,375	1,399,798
<b>Total assets</b>	<b>\$ 8,645,491</b>	<b>\$ 8,691,779</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 24,938	\$ 36,654
Grants payable	1,391,502	1,668,783
Designations payable	573,736	441,172
Accrued liabilities and other	50,398	81,542
Current portion of capital lease obligation	7,200	7,200
<b>Total current liabilities</b>	<b>2,047,774</b>	<b>2,235,351</b>
Capital lease obligation, net of current portion	5,598	12,264
Pension obligation	237,669	208,740
<b>Total liabilities</b>	<b>2,291,041</b>	<b>2,456,355</b>
<b>Net assets</b>		
Unrestricted		
Undesignated	2,741,380	2,672,799
Board-designated	100,000	100,000
Donor-advised funds	117,949	116,741
Temporarily restricted	1,473,399	1,424,211
Permanently restricted	1,921,722	1,921,673
<b>Total net assets</b>	<b>6,354,450</b>	<b>6,235,424</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,645,491</b>	<b>\$ 8,691,779</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, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains, and other support</b>				
Campaign results				
Contributions	\$ 55,869	\$ 4,132,053	\$ -	\$ 4,187,922
Uncollectible pledges	-	(189,960)	-	(189,960)
Donor designations	-	(1,301,300)	-	(1,301,300)
Net campaign results	55,869	2,640,793	-	2,696,662
Donor-advised funds contributions	1,139,708	-	-	1,139,708
Grants	82,494	-	-	82,494
Donated services and supplies	111,351	-	-	111,351
Special events	45,345	-	-	45,345
Other contributions and bequests	393,989	-	49	394,038
Investment income	25,341	41,423	-	66,764
Service fees	46,311	-	-	46,311
Miscellaneous income	2,894	-	-	2,894
<b>Total revenue, gains, and other support</b>	<b>1,903,302</b>	<b>2,682,216</b>	<b>49</b>	<b>4,585,567</b>
Net assets released from restrictions	2,762,183	(2,762,183)	-	-
<b>Total revenue, gains, other support, and net assets released from restrictions</b>	<b>4,665,485</b>	<b>(79,967)</b>	<b>49</b>	<b>4,585,567</b>
<b>Expenses</b>				
Program services				
Grants awarded				
Grants to agencies	3,033,619	-	-	3,033,619
Less donor designations	1,301,300	-	-	1,301,300
Net grants to agencies	1,732,319	-	-	1,732,319
Donor-advised funds awarded	1,138,500	-	-	1,138,500
Community impact	298,798	-	-	298,798
Community service	125,345	-	-	125,345
Regional call center 2-1-1	24,073	-	-	24,073
Volunteer center	23,992	-	-	23,992
Financial stability	137,610	-	-	137,610
Total program services	3,480,637	-	-	3,480,637
Support services				
Management and general	206,622	-	-	206,622
Fundraising	696,049	-	-	696,049
Total support services	902,671	-	-	902,671
<b>Total expenses</b>	<b>4,383,308</b>	<b>-</b>	<b>-</b>	<b>4,383,308</b>
<b>Increase (decrease) in net assets - before other changes</b>	<b>282,177</b>	<b>(79,967)</b>	<b>49</b>	<b>202,259</b>
Net realized and unrealized (losses) gains on investments	(14,520)	129,155	-	114,635
<b>Increase (decrease) in net assets - before pension and other postretirement-related changes</b>	<b>267,657</b>	<b>49,188</b>	<b>49</b>	<b>316,894</b>
Pension and other postretirement-related changes other than net periodic pension costs	(197,868)	-	-	(197,868)
<b>Changes in net assets</b>	<b>69,789</b>	<b>49,188</b>	<b>49</b>	<b>119,026</b>
Net assets, beginning of year	2,889,540	1,424,211	1,921,673	6,235,424
<b>Net assets, end of year</b>	<b>\$ 2,959,329</b>	<b>\$ 1,473,399</b>	<b>\$ 1,921,722</b>	<b>\$ 6,354,450</b>

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

Year Ended June 30, 2017			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 75,582	\$ 3,981,205	\$ -	\$ 4,056,787
-	(202,682)	-	(202,682)
-	(1,216,504)	-	(1,216,504)
75,582	2,562,019	-	2,637,601
641,500	-	-	641,500
55,775	-	-	55,775
203,554	-	-	203,554
50,955	-	-	50,955
355,332	-	29	355,361
14,837	37,650	-	52,487
74,735	-	-	74,735
5,843	-	-	5,843
1,478,113	2,599,669	29	4,077,811
2,638,754	(2,638,754)	-	-
4,116,867	(39,085)	29	4,077,811
3,212,102	-	-	3,212,102
1,216,504	-	-	1,216,504
1,995,598	-	-	1,995,598
891,311	-	-	891,311
242,256	-	-	242,256
116,120	-	-	116,120
32,005	-	-	32,005
26,651	-	-	26,651
101,194	-	-	101,194
3,405,135	-	-	3,405,135
341,420	-	-	341,420
703,755	-	-	703,755
1,045,175	-	-	1,045,175
4,450,310	-	-	4,450,310
(333,443)	(39,085)	29	(372,499)
(6,104)	275,810	-	269,706
(339,547)	236,725	29	(102,793)
(60,270)	-	-	(60,270)
(399,817)	236,725	29	(163,063)
3,289,357	1,187,486	1,921,644	6,398,487
\$ 2,889,540	\$ 1,424,211	\$ 1,921,673	\$ 6,235,424

UNITED WAY OF WASHTENAW COUNTY

**Statement of Functional Expenses**  
Year Ended June 30, 2018

	Program Services						Support Services			Total Expenses	
	Grants Awarded	Community Impact	Community Service	Regional Call Center 2-1-1	Volunteer Center	Financial Stability	Total	Management and General	Fundraising		Total
Grants to agencies	\$ 3,033,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,033,619	\$ -	\$ -	\$ -	\$ 3,033,619
Less donor designations	1,301,300	-	-	-	-	-	1,301,300	-	-	-	1,301,300
<b>Net grants to agencies</b>	<b>1,732,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,732,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,732,319</b>
<b>Donor-advised funds awarded</b>	<b>1,138,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,138,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,138,500</b>
Salaries	-	169,916	69,428	-	8,401	66,785	314,530	214,165	259,621	473,786	788,316
Employee benefits	-	11,159	2,990	-	4	5,682	19,835	21,978	19,893	41,871	61,706
Payroll taxes	-	13,312	5,618	-	686	5,547	25,163	17,249	21,531	38,780	63,943
Defined benefit plan benefits	-	12,799	-	-	-	-	12,799	-	-	-	12,799
Postretirement health plan benefits	-	-	-	-	-	-	-	(216,953)	-	(216,953)	(216,953)
<b>Subtotal - salaries and related expenses</b>	<b>-</b>	<b>207,186</b>	<b>78,036</b>	<b>-</b>	<b>9,091</b>	<b>78,014</b>	<b>372,327</b>	<b>36,439</b>	<b>301,045</b>	<b>337,484</b>	<b>709,811</b>
Professional fees	-	6,715	3,254	-	680	1,302	11,951	28,221	10,681	38,902	50,853
Contract services	-	-	-	24,000	1,000	21,990	46,990	27,150	10,600	37,750	84,740
Data processing	-	7,818	2,971	-	5,664	1,188	17,641	9,219	13,044	22,263	39,904
Supplies	-	984	372	-	82	186	1,624	921	1,807	2,728	4,352
Telephone	-	2,055	887	-	186	651	3,779	2,373	3,329	5,702	9,481
Postage	-	196	36	-	16	765	1,013	1,000	2,057	3,057	4,070
Occupancy	-	13,378	6,483	-	1,356	2,593	23,810	13,968	21,158	35,126	58,936
Rental and maintenance of equipment	-	1,020	494	-	103	198	1,815	814	1,856	2,670	4,485
Printing and publications	-	4,496	705	-	264	1,746	7,211	3,038	11,051	14,089	21,300
Advertising	-	9,378	68	-	505	1,670	11,621	1,226	65,160	66,386	78,007
Conferences and training	-	11,271	4,426	-	490	6,637	22,824	13,158	11,665	24,823	47,647
Campaign supplies	-	2,956	292	-	-	-	3,248	-	10,258	10,258	13,506
Meetings	-	2,546	2,622	73	155	2,108	7,504	3,223	3,659	6,882	14,386
Special events	-	874	11,171	-	1,572	13,000	26,617	9	79,236	79,245	105,862
Depreciation	-	15,125	7,329	-	1,532	2,932	26,918	15,791	23,919	39,710	66,628
Insurance	-	2,632	1,275	-	267	510	4,684	2,747	4,212	6,959	11,643
Loss on disposal of assets	-	-	-	-	-	-	-	1,818	-	1,818	1,818
Miscellaneous	-	165	77	-	16	31	289	29,022	334	29,356	29,645
Gifts in-kind	-	-	-	-	-	150	150	6,042	105,159	111,201	111,351
<b>Subtotal - other expenses</b>	<b>-</b>	<b>81,609</b>	<b>42,462</b>	<b>24,073</b>	<b>13,888</b>	<b>57,657</b>	<b>219,689</b>	<b>159,740</b>	<b>379,185</b>	<b>538,925</b>	<b>758,614</b>
United Way of America dues	-	10,003	4,847	-	1,013	1,939	17,802	10,443	15,819	26,262	44,064
<b>Total expenses</b>	<b>\$ 2,870,819</b>	<b>\$ 298,798</b>	<b>\$ 125,345</b>	<b>\$ 24,073</b>	<b>\$ 23,992</b>	<b>\$ 137,610</b>	<b>\$ 3,480,637</b>	<b>\$ 206,622</b>	<b>\$ 696,049</b>	<b>\$ 902,671</b>	<b>\$ 4,383,308</b>

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



# UNITED WAY OF WASHTENAW COUNTY

## Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services						Support Services			Total Expenses	
	Grants Awarded	Community Impact	Community Service	Regional Call Center 2-1-1	Volunteer Center	Financial Stability	Total	Management and General	Fundraising		Total
Grants to agencies	\$ 3,212,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,212,102	\$ -	\$ -	\$ -	\$ 3,212,102
Less donor designations	1,216,504	-	-	-	-	-	1,216,504	-	-	-	1,216,504
<b>Net grants to agencies</b>	<b>1,995,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,995,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,995,598</b>
<b>Donor-advised funds awarded</b>	<b>891,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>891,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>891,311</b>
Salaries	-	138,831	63,875	-	11,157	6,553	220,416	155,916	198,137	354,053	574,469
Employee benefits	-	10,540	2,939	-	4	7	13,490	15,704	14,059	29,763	43,253
Payroll taxes	-	11,556	5,323	-	877	529	18,285	13,030	16,325	29,355	47,640
Defined benefit plan benefits	-	13,336	-	-	-	-	13,336	-	-	-	13,336
Postretirement health plan benefits	-	-	-	-	-	-	-	(770)	-	(770)	(770)
<b>Subtotal - salaries and related expenses</b>	<b>-</b>	<b>174,263</b>	<b>72,137</b>	<b>-</b>	<b>12,038</b>	<b>7,089</b>	<b>265,527</b>	<b>183,880</b>	<b>228,521</b>	<b>412,401</b>	<b>677,928</b>
Professional fees	-	10,986	5,732	-	2,240	3,218	22,176	37,145	25,948	63,093	85,269
Contract services	-	2,797	1,555	32,000	314	78,211	114,877	8,409	7,171	15,580	130,457
Data processing	-	5,333	2,444	-	5,594	953	14,324	9,385	7,997	17,382	31,706
Supplies	-	613	244	-	53	97	1,007	858	1,015	1,873	2,880
Telephone	-	2,190	969	-	246	375	3,780	2,220	3,368	5,588	9,368
Postage	-	94	64	5	60	514	737	947	2,064	3,011	3,748
Occupancy	-	11,361	5,532	-	1,226	2,192	20,311	15,307	18,070	33,377	53,688
Rental and maintenance of equipment	-	699	169	-	52	63	983	1,249	585	1,834	2,817
Printing and publications	-	1,567	350	-	57	1,057	3,031	2,322	9,274	11,596	14,627
Advertising	-	120	-	-	14	41	175	1,256	68,086	69,342	69,517
Conferences and training	-	2,924	1,441	-	44	871	5,280	8,529	5,287	13,816	19,096
Campaign supplies	-	-	-	-	-	-	-	259	12,771	13,030	13,030
Meetings	-	1,883	2,914	-	54	981	5,832	3,273	3,262	6,535	12,367
Special events	-	300	9,400	-	1,820	289	11,809	34	63,509	63,543	75,352
Depreciation	-	15,265	7,397	-	1,547	2,959	27,168	15,939	24,142	40,081	67,249
Insurance	-	2,318	1,154	-	323	438	4,233	2,475	3,886	6,361	10,594
Miscellaneous	-	188	85	-	21	33	327	37,916	701	38,617	38,944
Gifts in-kind	-	-	-	-	-	-	-	250	203,304	203,554	203,554
<b>Subtotal - other expenses</b>	<b>-</b>	<b>58,638</b>	<b>39,450</b>	<b>32,005</b>	<b>13,665</b>	<b>92,292</b>	<b>236,050</b>	<b>147,773</b>	<b>460,440</b>	<b>608,213</b>	<b>844,263</b>
United Way of America dues	-	9,355	4,533	-	948	1,813	16,649	9,767	14,794	24,561	41,210
<b>Total expenses</b>	<b>\$ 2,886,909</b>	<b>\$ 242,256</b>	<b>\$ 116,120</b>	<b>\$ 32,005</b>	<b>\$ 26,651</b>	<b>\$ 101,194</b>	<b>\$ 3,405,135</b>	<b>\$ 341,420</b>	<b>\$ 703,755</b>	<b>\$ 1,045,175</b>	<b>\$ 4,450,310</b>

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

# UNITED WAY OF WASHTENAW COUNTY

## Statements of Cash Flows

	Year Ended June 30	
	2018	2017
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 119,026	\$ (163,063)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	66,628	67,249
Contributions restricted for investment in endowment	(49)	(29)
Net realized and unrealized gains on investments	(114,635)	(269,706)
Uncollectible pledges	189,960	202,682
Loss on disposal of assets	1,818	-
Pension and postretirement obligations	28,929	21,601
Changes in operating assets and liabilities which (used) provided cash		
Pledges receivable	(128,931)	53,913
Prepaid expenses and other current assets	(46,086)	(3,840)
Accounts payable	(11,716)	7,187
Grants payable	(277,281)	5,076
Designations payable	132,564	(102,385)
Accrued liabilities and other	(31,144)	(15,277)
<b>Net cash used in operating activities</b>	<b>(70,917)</b>	<b>(196,592)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(67,023)	(1,131)
Purchases of investments	(495,492)	(833,322)
Proceeds from sales of investments	629,524	1,137,703
<b>Net cash provided by investing activities</b>	<b>67,009</b>	<b>303,250</b>
<b>Cash flows from financing activities</b>		
Contributions restricted for investment in endowment	49	29
Payments on capital lease	(6,666)	(6,453)
<b>Net cash used in financing activities</b>	<b>(6,617)</b>	<b>(6,424)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(10,525)</b>	<b>100,234</b>
Cash and cash equivalents, beginning of the year	300,068	199,834
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 289,543</b>	<b>\$ 300,068</b>
<b>Supplemental disclosures of cash flows information</b>		
Cash paid for interest	\$ 534	\$ 747

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.

### *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 support when received at fair value. These pledges, most of which are due within one year, consist of amounts designated to other organizations and amounts to be used for operations. Pledges receivable that are expected to be collected in future years are initially recorded at their estimated fair value using a probability weighted, discounted rate adjusted present value model. The unamortized discount represents the adjustment required to record promises expected to be received in future years at their fair value. Amortization of the discount is recorded as additional contribution revenue and used in accordance with any donor-imposed restrictions over the promise period. The unamortized discount amounted to \$6,861 and \$0 at June 30, 2018 and 2017, respectively.

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. The provision for uncollectible pledges is approximately \$130,000 and \$154,000 at June 30, 2018 and 2017, respectively.

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### *Donor 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.

### *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 and special event materials totaling \$111,351 and \$164,831 for the years ended June 30, 2018 and 2017, respectively.

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### *Property and Equipment and Depreciation*

All property and equipment purchased 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

### *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 Organization 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 2015 through 2018, the years which remain subject to examination as of June 30, 2018. 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 twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2018, 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).

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

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.

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 2017 financial statements have been reclassified to conform with the 2018 presentation.

### *Upcoming Accounting Pronouncement*

In August 2016, the FASB issued an update on (Topic 958) Not-for-Profit Entities, amending the requirements for financial statements and notes to the financial statements. The Organization will be required to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. The update also provides guidance related to enhancing disclosures. The amendment is effective for the fiscal year beginning July 1, 2018. Management is currently evaluating the impact of the adoption of this amendment on the Organization's financial statements.

### *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, 2018, the most recent statement of financial position presented herein, through November 26, 2018, the date these financial statements were available to be issued. No such significant transactions or events were identified, other than those matters disclosed in Note 8.



# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### 2. INVESTMENTS

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

	2018	2017
Cash equivalents	\$ 117,637	\$ 131,455
Mutual funds		
Fixed income	717,549	578,166
Balanced	288,884	300,187
Equity	766,893	890,990
Global	472,033	404,106
Total mutual funds	2,245,359	2,173,449
Beneficial interest in funds held by Ann Arbor Area Community Foundation	95,445	92,817
Total investments held for long-term purposes	2,458,441	2,397,721
Certificates of deposit	2,683,274	2,697,188
Money market funds	447,943	514,146
Total current investments	3,131,217	3,211,334
Total investments	\$ 5,589,658	\$ 5,609,055

The activity in the investment funds of the Organization and the Community Foundation for the year ended June 30, 2018 is as follows:

	Investments	Community Foundation	Total
Investment returns (losses), dividends included in operations	\$ 67,684	\$ (920)	\$ 66,764
Net realized and unrealized gains on investments	107,777	6,858	114,635
Total investment income	175,461	5,938	181,399
Other activity			
Other deposit	428,477	251	428,728
Distributions and grants	(625,963)	(3,561)	(629,524)
Total activity	(22,025)	2,628	(19,397)
Balance, beginning of year	5,516,238	92,817	5,609,055
Balance, end of year	\$ 5,494,213	\$ 95,445	\$ 5,589,658

# 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, 2017 is as follows:

	Investments	Community Foundation	Total
Investment returns (losses), dividends included in operations	\$ 53,420	\$ (933)	\$ 52,487
Net realized and unrealized gains on investments	257,599	12,107	269,706
<b>Total investment income</b>	<b>311,019</b>	<b>11,174</b>	<b>322,193</b>
Other activity			
Other deposit	779,873	-	779,873
Distributions and grants	(1,133,171)	(3,570)	(1,136,741)
<b>Total activity</b>	<b>(42,279)</b>	<b>7,604</b>	<b>(34,675)</b>
Balance, beginning of year	5,558,517	85,213	5,643,730
<b>Balance, end of year</b>	<b>\$ 5,516,238</b>	<b>\$ 92,817</b>	<b>\$ 5,609,055</b>

### 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:

2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (7,583)	\$ 483,631	\$ 1,921,673	\$ 2,397,721
Investment return				
Investment income	-	41,423	-	41,423
Net appreciation (realized and unrealized)	2,579	129,155	-	131,734
Total investment return	2,579	170,578	-	173,157
Contributions	-	-	49	49
Appropriation of endowment assets for expenditure	-	(112,486)	-	(112,486)
Endowment net assets, end of year	\$ (5,004)	\$ 541,723	\$ 1,921,722	\$ 2,458,441
2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (15,158)	\$ 289,711	\$ 1,921,644	\$ 2,196,197
Investment return				
Investment income	-	37,650	-	37,650
Net appreciation (realized and unrealized)	11,173	275,810	-	286,983
Total investment return	11,173	313,460	-	324,633
Contributions	-	-	29	29
Distributions	(3,598)	-	-	(3,598)
Appropriation of endowment assets for expenditure	-	(119,540)	-	(119,540)
Endowment net assets, end of year	\$ (7,583)	\$ 483,631	\$ 1,921,673	\$ 2,397,721

# 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, 2018 and 2017, the fair value of the Community Foundation endowment assets had fallen below its corpus level by \$5,004 and \$7,583, 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

*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 Community Foundation, a measure considered equivalent to net asset value. The underlying securities held by the Community 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:

2018	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalents	\$ 117,637	\$ -	\$ -	\$ 117,637
Certificates of deposit	2,683,274	-	-	2,683,274
Money market funds	447,943	-	-	447,943
Mutual funds	2,245,359	-	-	2,245,359
Beneficial interest in funds held by Ann Arbor Area Community Foundation	-	-	95,445	95,445
<b>Total assets</b>	<b>\$ 5,494,213</b>	<b>\$ -</b>	<b>\$ 95,445</b>	<b>\$ 5,589,658</b>

  

2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalents	\$ 131,455	\$ -	\$ -	\$ 131,455
Certificates of deposit	2,697,188	-	-	2,697,188
Money market funds	514,146	-	-	514,146
Mutual funds	2,173,449	-	-	2,173,449
Beneficial interest in funds held by Ann Arbor Area Community Foundation	-	-	92,817	92,817
<b>Total assets</b>	<b>\$ 5,516,238</b>	<b>\$ -</b>	<b>\$ 92,817</b>	<b>\$ 5,609,055</b>

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

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	2018	2017
Balance of recurring Level 3 assets at beginning of year	\$ 92,817	\$ 85,213
Net investment gain	5,938	11,174
Purchases	251	-
Distributions	(3,561)	(3,570)
Balance of recurring Level 3 assets at end of year	<u>\$ 95,445</u>	<u>\$ 92,817</u>

## 5. PROPERTY AND EQUIPMENT

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

	2018	2017
Land	\$ 81,195	\$ 81,195
Land improvements	33,327	33,327
Buildings	1,887,307	1,879,772
Furniture and fixtures	326,329	273,641
Total	2,328,158	2,267,935
Less accumulated depreciation	929,783	868,137
Net property and equipment	<u>\$ 1,398,375</u>	<u>\$ 1,399,798</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
2019	\$ 7,200
2020	6,000
Total	13,200
Less amount representing interest	402
Present value of net minimum lease payments	12,798
Less current portion	(7,200)
Capital lease obligation, net of current portion	<u>\$ 5,598</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, 2018 and 2017, \$33,186 has been capitalized as equipment with related accumulated depreciation of \$21,018 and \$14,381, respectively. Interest rates on the capital lease is 3.5%.

### 7. LINE 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 (5.00% at June 30, 2018). This line of credit is due on demand and there were no outstanding borrowings on it at June 30, 2018 and 2017.

### 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. During fiscal 2018, management in conjunction with board approval decided to terminate the pension plan. A final settlement payment range of approximately \$385,000 to \$575,000 is expected to be paid by the end of February 2019.

The Organization also has a plan that provides postretirement health benefits to a retired employee. During 2018, only one individual remained in the plan and the Organization determined that the liability for this benefit was not material to the financial statements and began accounting for these payments as they are made. As a result, the Organization reversed the liability and the related unrecognized prior service benefit and actuarial net gains to account for the effective settlement of the plan. The impact on post retirement health plan benefits expense for 2018 was a net credit of \$219,226.

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### *Obligation and Funded Status*

The benefit obligation is projected to a measurement date at June 30. Changes in the projected benefit obligation (equal to accumulated benefit obligation) and plan assets during each year and the funded status of the plan is summarized as follows at June 30, 2018 and 2017:

	Defined Benefit Pension Plan	
	2018	2017
<b>Change in projected and accumulated benefit obligation</b>		
Benefit obligation, beginning of year	\$ 1,994,652	\$ 1,847,294
Interest cost	96,795	89,914
Actuarial loss (gain)	64,811	210,160
Lump sum benefit paid	-	(75,737)
Benefits paid	(75,849)	(76,979)
	<u>2,080,409</u>	<u>1,994,652</u>
<b>Change in plan assets</b>		
Fair value of plan assets, beginning of year	1,785,912	1,664,061
Investment return	132,677	226,468
Organization contribution	-	48,099
Lump sum benefit paid	-	(75,737)
Benefits paid	(75,849)	(76,979)
	<u>1,842,740</u>	<u>1,785,912</u>
Fair value of plan assets, end of year		
	<u>1,842,740</u>	<u>1,785,912</u>
<b>Deficiency in funded status, end of year</b>	<u>\$ (237,669)</u>	<u>\$ (208,740)</u>

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

	Defined Benefit Pension Plan	
	2018	2017
<b>Liabilities</b>		
Noncurrent	\$ 237,669	\$ 208,740
<b>Total</b>	<u>\$ 237,669</u>	<u>\$ 208,740</u>



# 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	
	2018	2017
Interest cost on projected Benefit obligation	\$ 96,795	\$ 89,914
Expected return on plan assets	(122,651)	(114,803)
Recognized actuarial loss (gain)	38,574	38,225
<b>Net periodic benefit cost</b>	<b>\$ 12,718</b>	<b>\$ 13,336</b>

The Organization adjusts the funded status in a liability account to reflect the current funded status of the plan 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	
	2018	2017
Unrecognized actuarial net loss	\$ 1,025,720	\$ 1,009,509
Net amount recognized in unrestricted net assets - end of year	1,025,720	1,009,509
Net amount recognized in unrestricted net assets - beginning of year	1,009,509	949,239
<b>Pension - related changes other than net periodic benefit cost</b>	<b>\$ 16,211</b>	<b>\$ 60,270</b>

The estimated net actuarial loss and prior service benefit for the defined benefit pension that will be amortized into net periodic benefit cost in fiscal 2019 is approximately \$39,000.

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### *Assumptions*

Significant assumptions used in determining net periodic benefit cost and the related pension obligation are as follows for the years ended June 30, 2018 and 2017:

	Defined Benefit Pension Plan	
	2018	2017
Discount rate used to determine benefit obligations	5.00%	5.00%
Assumptions used to determine net periodic benefit cost		
Discount rate	5.00%	5.00%
Expected long-term rate on plan assets	7.00%	7.00%

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, 2018 and 2017, by asset category, are as follows:

	2018	2017
Asset category		
Equity securities	0%	65%
Fixed income	81%	25%
Cash equivalents	19%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Prior to the Organization's decision to terminate the plan, 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 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.

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

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

June 30, 2018	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income	\$ 1,498,714	\$ -	\$ -	\$ 1,498,714
<b>Total assets</b>	<b>\$ 1,498,714</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,498,714</b>

June 30, 2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income	\$ 447,376	\$ -	\$ -	\$ 447,376
Balanced	232,281	-	-	232,281
Equity	625,171	-	-	625,171
Global	311,547	-	-	311,547
<b>Total assets</b>	<b>\$ 1,616,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,616,375</b>

The difference between the plan assets of \$1,842,740 and \$1,785,912 and total investments per the fair value table of \$1,498,714 and \$1,616,375 above is \$344,026 and \$169,537, for June 30, 2018 and 2017, 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, 2018 and June 30, 2017.

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.

### *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 the salary deferral. Total matching contributions for the years ended June 30, 2018 and 2017 were \$13,771 and \$11,187, respectively. No discretionary contributions were made during the years ended June 30, 2018 and 2017.

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

# UNITED WAY OF WASHTENAW COUNTY

## Notes to Financial Statements

### 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, 2018 and 2017, net of the allocations and designations to be paid from the contributions raised by the current campaign and restricted contributions.

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

	2018	2017
Time restriction - pledges	\$ 931,676	\$ 940,580
Endowment earnings in excess of distributions	541,723	483,631
<b>Total temporary restricted net assets</b>	<b>\$ 1,473,399</b>	<b>\$ 1,424,211</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, 2018 and 2017 were \$1,921,722 and \$1,921,673, 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, 2018 and 2017 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, 2018, employees at two local organizations accounted for approximately 11% of the total campaign revenues and 49% of the outstanding pledges receivable balances.

### 11. RELATED PARTY TRANSACTIONS

The Organization has insurance and pension management relationships with entities whose officers are members 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:

	2018	2017
Insurance	\$ 11,643	\$ 13,895
Information technology	138,388	55,616
Grants awarded	96,758	160,000
Pension management	18,922	23,381



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

November 26, 2018

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, 2018 and 2017, and have issued our report thereon dated November 26, 2018, 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". The signature is written in a cursive, flowing style.

**SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED  
JUNE 30, 2018 AND 2017**

# UNITED WAY OF WASHTENAW COUNTY

## Schedules of Grants and Donor Designations

	Year Ended June 30	
	2018	2017
Aid in Milan	\$ 10,260	\$ 10,000
Ann Arbor Meals on Wheels	15,000	15,000
Ann Arbor YMCA	72,500	-
Area Agency on Aging B-1	25,000	-
Avalon Housing	-	25,000
Big Brothers/Big Sisters of Washtenaw County	-	10,000
Blueprint for Aging	-	5,000
Catholic Social Services	155,429	-
Children's Literacy Network	10,000	10,000
Child Care Network	185,000	180,000
CivCity Initiative	5,000	5,000
Community Action Network	20,000	105,000
Community Resource Center	13,000	-
Corner Health Center	114,495	155,840
Destiny and Purpose Community Outreach Center	-	13,000
Eastern Michigan University	-	12,000
Fair Housing Center of Southeast & MidMichigan	-	7,700
Faith in Action	10,000	10,000
Family Learning Institute	7,000	-
Food Gatherers	20,000	192,500
Foundations Preschool of Washtenaw County	65,000	165,000
Friends in Deed	15,000	13,000
Girls Group	-	10,000
Girls on the Run of Southeastern Michigan	-	12,302
Growing Hope	32,754	7,500
Habitat for Humanity	-	8,500
HighScope Educational Research Foundation	-	10,000
HIV/AIDS Resource Center	-	10,000
Home of New Vision	10,000	45,000
Hope Clinic	-	47,000
Housing Bureau for Seniors	1,100	15,000
Interfaith Hospitality Network	-	13,862
Jewish Family Services	10,000	79,500
Legal Services of South Central MI	154,684	65,000
Manchester Community Resource Center	7,000	16,000
Mentor2Youth	13,600	15,000
Michigan Ability Partners	56,394	45,000
Michigan Organization on Adolescent Sexual Health	22,000	-
Michigan Works!	-	740
Milan Seniors for Healthy Living	15,000	15,000

(Continued)

See independent auditors' report on supplementary information.

# UNITED WAY OF WASHTENAW COUNTY

## Schedules of Grants and Donor Designations

	Year Ended June 30	
	2018	2017
Neutral Zone	\$ 10,249	\$ 15,000
NEW	131,050	46,550
Ozone House Youth & Family	55,000	39,798
Packard Health, Inc.	51,375	-
Peace Neighborhood Center	10,000	15,000
SafeHouse Center	15,000	55,000
Saline Area Social Service	5,000	1,815
Salvation Army of Washtenaw	-	55,000
Senior Crisis Intervention Program Fund	20,000	20,000
Shelter Association of Washtenaw	-	45,000
SOS Community Services	25,000	22,000
Student Advocacy Center	73,935	46,491
The Family Learning Institute	-	20,000
The Women's Center of Southeastern Michigan	-	12,000
U of M Optimize Team	5,000	-
U of M Telling It	-	5,000
Washtenaw Community College	50,000	-
Washtenaw County Summer Intern	1,758	-
Washtenaw County Public Health	5,000	-
Washtenaw Health Plan	25,000	25,000
Washtenaw Housing Alliance	25,000	25,000
Washtenaw Intermediate School	70,000	90,000
Washtenaw Community Mental Health	-	50,000
Washtenaw Area Council for Children	14,625	14,500
Washtenaw Literacy	28,163	-
Ypsilanti Community Schools	-	3,000
Ypsilanti District Library	5,000	-
Ypsilanti Meals on Wheels	40,948	40,000
<b>Total grants to agencies</b>	<b>1,732,319</b>	<b>1,995,598</b>
<b>Donor designations</b>	<b>1,301,300</b>	<b>1,216,504</b>
<b>Donor-advised funds awarded</b>	<b>1,138,500</b>	<b>891,311</b>
<b>Gross funds awarded</b>	<b>\$ 4,172,119</b>	<b>\$ 4,103,413</b>

See independent auditors' report on supplementary information.