

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2017 and 2016



HALL, KISTLER & COMPANY LLP  
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
United Way of Greater Stark County, Inc.  
Canton, Ohio

We have audited the accompanying financial statements of United Way of Greater Stark County, Inc. (United Way), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, 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.

### **Auditor's Responsibility**

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

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

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

**Opinion**

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

*Hall, Kistler & Company LLP*  
Certified Public Accountants

Canton, Ohio  
July 26, 2017

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,965,747	\$ 1,552,177
Restricted cash	8,956	8,947
Accrued investment income	11,244	11,063
Pledges receivable, net	2,800,214	3,265,843
Prepaid expenses	15,151	14,030
Loans and advances	175,455	204,774
Investments, at fair value	9,853,286	5,071,973
Equipment, net	236,251	294,236
TOTAL ASSETS	<u>\$ 15,066,304</u>	<u>\$ 10,423,043</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 111,730	\$ 69,043
Accrued payroll and withholding taxes	51,480	66,022
Allocations payable	33,937	20,939
Designations payable	295,921	318,675
Miscellaneous payable	28,728	29,301
TOTAL LIABILITIES	<u>521,796</u>	<u>503,980</u>
Commitments - Note K		
Net assets:		
Unrestricted:		
Appropriated - Note F	2,189,058	1,760,576
Unappropriated	4,973,569	1,480,089
	<u>7,162,627</u>	<u>3,240,665</u>
Temporarily restricted - Note G	7,381,881	6,678,398
TOTAL NET ASSETS	<u>14,544,508</u>	<u>9,919,063</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,066,304</u>	<u>\$ 10,423,043</u>

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

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT &amp; REVENUE</u>				
Gross campaign results - current contributions received	\$ -	\$ 6,090,968	\$ -	\$ 6,090,968
Less: Donor designations	8,955	(350,856)	-	(341,901)
Provision for uncollectible	25,115	(181,081)	-	(155,966)
Net campaign revenue	34,070	5,559,031	-	5,593,101
Grants and contracts	356,610	-	-	356,610
Investment income, net of fees of \$43,100	69,326	(843)	-	68,483
Donation revenue	3,253,486	993,098	-	4,246,584
Net gain on assets reported at fair value	458,699	35,600	-	494,299
Miscellaneous income	139,534	-	-	139,534
Prior year net campaign revenue released from restriction	5,839,085	(5,839,085)	-	-
<b>TOTAL REVENUE</b>	<b>10,150,810</b>	<b>747,801</b>	<b>-</b>	<b>10,898,611</b>
<u>EXPENSES</u>				
Program services:				
Allocations to agencies	3,832,530	44,318	-	3,876,848
Volunteer and community services	170,728	-	-	170,728
Planning and allocations	404,999	-	-	404,999
Ways to Work/VITA	404,674	-	-	404,674
211 and emergency assistance	435,610	-	-	435,610
Total program services	5,248,541	44,318	-	5,292,859
Supporting services:				
Management and general	318,787	-	-	318,787
Fund raising	661,520	-	-	661,520
Total supporting services	980,307	-	-	980,307
<b>TOTAL EXPENSES</b>	<b>6,228,848</b>	<b>44,318</b>	<b>-</b>	<b>6,273,166</b>
Change in net assets	3,921,962	703,483	-	4,625,445
Net assets at beginning of period	3,240,665	6,678,398	-	9,919,063
Net assets at end of period	<u>\$ 7,162,627</u>	<u>\$ 7,381,881</u>	<u>\$ -</u>	<u>\$ 14,544,508</u>

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

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Gross campaign results - current contributions received	\$ -	\$ 6,392,173	\$ -	\$ 6,392,173
Less: Donor designations	12,681	(376,399)	-	(363,718)
Provision for uncollectible	40,371	(190,033)	-	(149,662)
Net campaign revenue	53,052	5,825,741	-	5,878,793
Grants and contracts	115,953	-	-	115,953
Investment income, net of fees of \$34,874	52,025	-	-	52,025
Net gain on assets reported at fair value	(67,240)	-	-	(67,240)
Miscellaneous income	249,607	-	-	249,607
Other assets (released from) transferred to unrestricted	(49,142)	49,142	-	-
Prior year net campaign revenue released from restriction	6,253,455	(6,253,455)	-	-
<b>TOTAL REVENUE</b>	<b>6,607,710</b>	<b>(378,572)</b>	<b>-</b>	<b>6,229,138</b>
<b><u>EXPENSES</u></b>				
Program services:				
Allocations to agencies	4,372,172	-	-	4,372,172
Volunteer and community services	183,136	-	-	183,136
Planning and allocations	264,670	-	-	264,670
Ways to Work/VITA	334,512	-	-	334,512
211 and emergency assistance	553,455	-	-	553,455
Total program services	5,707,945	-	-	5,707,945
Supporting services:				
Management and general	329,019	-	-	329,019
Fund raising	673,830	-	-	673,830
Total supporting services	1,002,849	-	-	1,002,849
<b>TOTAL EXPENSES</b>	<b>6,710,794</b>	<b>-</b>	<b>-</b>	<b>6,710,794</b>
Change in net assets	(103,084)	(378,572)	-	(481,656)
Net assets at beginning of period	3,343,749	7,056,970	-	10,400,719
Net assets at end of period	<b>\$ 3,240,665</b>	<b>\$ 6,678,398</b>	<b>\$ -</b>	<b>\$ 9,919,063</b>

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

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2017

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	WAYS TO WORK/ VITA	211 AND EMERGENCY ASSISTANCE	TOTAL	MANAGEMENT AND GENERAL	FUND RAISING	
Salaries	\$ -	\$ 88,845	\$ 214,965	\$ 214,813	\$ 53,974	\$ 572,597	\$ 128,053	\$ 331,733	\$ 1,032,383
Employee benefits	-	6,864	29,970	29,540	3,752	70,126	15,020	43,065	128,211
Payroll taxes	-	7,545	15,922	19,367	27,423	70,257	10,277	24,408	104,942
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	-	103,254	260,857	263,720	85,149	712,980	153,350	399,206	1,265,536
Allocations to agencies	3,832,530	-	-	-	-	3,832,530	-	-	3,832,530
Capital grants	44,318	-	-	-	-	44,318	-	-	44,318
Professional fees	-	4,015	51,480	12,770	195,111	263,376	44,065	14,289	321,730
Supplies	-	2,226	1,942	4,190	298	8,656	1,918	4,079	14,653
Telephone	-	1,488	2,303	3,915	3,262	10,968	1,771	4,495	17,234
Postage and shipping	-	-	292	1,249	73	1,614	2,036	9,727	13,377
Occupancy	-	14,391	22,066	7,515	37,364	81,336	26,383	56,763	164,482
Repairs and maintenance	-	7,655	14,186	20,041	2,716	44,598	9,885	25,985	80,468
Printing and publications	-	6,159	12,625	23,842	4,575	47,201	21,764	80,260	149,225
Travel	-	860	3,227	4,259	1,045	9,391	522	6,580	15,971
Conferences and meetings	-	11,651	3,798	3,897	177	19,523	4,889	8,298	32,710
Specific assistance to individuals	-	-	-	-	91,616	91,616	-	-	91,616
Payments made to affiliated organizations	-	11,204	16,407	24,433	2,329	54,373	15,427	26,077	95,877
Membership dues	-	363	6,634	2,593	8	9,598	260	1,369	11,227
Insurance	-	-	-	-	-	-	14,473	-	14,473
Bad debt	-	-	-	-	-	-	-	-	-
Miscellaneous	-	2,243	1,180	29,525	-	32,948	12,477	4,329	49,754
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	3,876,848	165,509	396,997	401,949	423,723	5,265,026	309,220	640,935	6,215,181
Depreciation	-	5,219	8,002	2,725	11,887	27,833	9,567	20,585	57,985
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 3,876,848	\$ 170,728	\$ 404,999	\$ 404,674	\$ 435,610	\$ 5,292,859	\$ 318,787	\$ 661,520	\$ 6,273,166

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



STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2016

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	WAYS TO WORK/ VITA	211 AND EMERGENCY ASSISTANCE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	
Salaries	\$ -	\$ 78,827	\$ 146,206	\$ 192,171	\$ 259,651	\$ 676,855	\$ 336,288	\$ 490,959	\$ 1,167,814
Employee benefits	-	4,059	18,571	27,189	5,893	55,712	32,641	49,085	104,797
Payroll taxes	-	6,082	10,655	14,050	19,647	50,434	23,923	35,813	86,247
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	-	88,968	175,432	233,410	285,191	783,001	392,852	575,857	1,358,858
Allocations to agencies	4,372,172	-	-	-	-	4,372,172	-	-	4,372,172
Professional fees	-	2,265	29,466	8,481	36,816	77,028	13,679	47,749	124,777
Supplies	-	6,754	2,071	3,679	5,180	17,684	4,312	9,210	26,894
Telephone	-	1,022	2,407	3,636	6,567	13,632	5,096	10,352	23,984
Postage and shipping	-	1	96	671	739	1,507	5,632	8,566	10,073
Occupancy	-	14,358	22,016	7,498	52,505	96,377	26,324	82,960	179,337
Repairs and maintenance	-	4,383	10,027	11,646	11,113	37,169	11,332	38,228	75,397
Printing and publications	-	13,867	169	12,350	6,983	33,369	12,528	110,870	144,239
Travel	-	525	1,457	2,909	2,888	7,779	(54)	10,514	18,293
Conferences and meetings	-	38,325	3,466	2,261	558	44,610	6,394	20,698	65,308
Specific assistance to individuals	-	-	-	-	107,703	107,703	-	-	107,703
Payments made to affiliated organizations	-	6,193	9,176	13,459	25,308	54,136	10,837	34,524	88,660
Membership dues	-	208	616	2,864	(73)	3,615	612	1,682	5,297
Insurance	-	-	-	-	-	-	14,425	14,425	14,425
Bad debt	-	-	-	-	-	-	-	-	-
Miscellaneous	-	1,029	239	28,913	46	30,227	6,855	6,950	37,177
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	4,372,172	177,898	256,638	331,777	541,524	5,680,009	319,416	972,585	6,652,594
Depreciation	-	5,238	8,032	2,735	11,931	27,936	9,603	30,264	58,200
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 4,372,172	\$ 183,136	\$ 264,670	\$ 334,512	\$ 553,455	\$ 5,707,945	\$ 329,019	\$ 1,002,849	\$ 6,710,794

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

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 4,625,445	\$ (481,656)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	57,985	58,200
Provision for uncollectible pledges	181,081	190,033
Non-cash donation revenue	(4,246,584)	-
(Gain)/loss on investments reported at fair value	(494,299)	67,240
Decrease (increase) in assets:		
Accrued investment income	(181)	54
Restricted cash	(9)	(9)
Pledges receivable	284,548	106,772
Prepaid expenses	(1,121)	1,205
(Decrease) increase in liabilities:		
Accounts payable	42,687	(29,983)
Accrued payroll and withholding taxes	(14,542)	23,380
Allocations payable	12,998	7,901
Designations payable	(22,754)	36,141
Miscellaneous payable	(572)	16,021
Total adjustments	<u>(4,200,763)</u>	<u>476,955</u>
Cash provided by (used in) operating activities	424,682	(4,701)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,246,048	1,748,537
Purchase of investments	(1,286,479)	(1,817,190)
Repayment of loan receivables	29,319	28,434
Purchase of equipment	-	(26,448)
Cash (used in) investing activities	<u>(11,112)</u>	<u>(66,667)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	413,570	(71,368)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,552,177</u>	<u>1,623,545</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,965,747</u>	<u>\$ 1,552,177</u>

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

## NOTES TO FINANCIAL STATEMENTS

### UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2017 and 2016

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Operations

The United Way of Greater Stark County, Inc. (United Way) serves all of Stark County and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties. United Way recruits volunteers and raises funds to provide support to the community through a wide variety of programs and agencies to address human needs with measurable results.

##### Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, other assets, payables and other liabilities.

##### Basis of Presentation

United Way reports information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### Use of Estimates

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

##### Cash Equivalents

Cash equivalents consist of money market instruments and certificates of deposit purchased with original maturities of three months or less. The basis of cash equivalents approximates market value.

##### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted prices in active markets (Level 1 measurements). United Way's investment in the Stark Community Foundation Pooled Account (Level 3 measurement) is reported at fair value, based on reports by investment managers and the audited statements of the funds within the investment pool. United Way believes this method provides a reasonable estimate of fair value. Interest and dividend income, net of applicable management fees, and net realized and unrealized gains or losses on fair value of investments are included in the statement of activities and reported as increases or decreases within the appropriate class of net assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Concentration of Credit Risk

United Way's receivables are primarily from individuals and businesses in the greater Stark County, and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties of Ohio.

At March 31, 2017 and 2016, cash and cash equivalent balances as confirmed by the banks were in excess of Federally insured limits. United Way believes that no significant credit risk exists on its cash and cash equivalent balances.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Pledges are recorded in the statement of financial position as they are received and an allowance is computed using historical averages adjusted by management estimates of current economic conditions applied to gross campaign (see Note C).

#### Functional Allocation of Expenses

Costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Income Taxes

United Way is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

*Uncertain Tax Positions.* The United Way adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The provisions prescribe a two-step process for recognizing and measuring income tax uncertainties. First, a threshold condition of “more likely than not” should be met to determine whether any of the benefit from an uncertain tax position should be recognized in the financial statements. If the recognition threshold is met, FASB ASC 740-10 provides additional guidance on measuring the amount of the uncertain tax position. The United Way may recognize a tax benefit from an uncertain tax position under FASB ASC 740-10 only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements from an uncertain position should be measured under FASB ASC 740-10 based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FASB ASC 740-10 also provides guidance on derecognition, classification, transition and increased disclosure of uncertain tax positions. The United Way recognized no liability for unrecognized tax benefits resulting from the adoption of FASB ASC 740-10 or as of March 31, 2017 and 2016.

#### Donor Designations

Donor designations deducted from current year campaign contributions on the statement of activities consist of all pledges designated to external entities/agencies/programs over which the United Way exercises/retains no discretion as to the use due to: Donor instruction, contractual agreement between the organizations as to the distribution of pledges across services and boundaries or other circumstances that remove the United Way’s discretion as to use.

#### Subsequent Events

The United Way has evaluated subsequent events through July 26, 2017, the date which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE B - INVESTMENTS**

Investments stated at fair value at March 31, 2017 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 2,686,143	\$2,686,143	\$ -	\$ -
Mutual Funds:				
Fixed Income	493,982	493,982	-	-
Equity	1,011,817	1,011,817	-	-
Marketable Equity Securities	1,553,091	1,553,091	-	-
Investment in Stark Community Foundation Pooled Account	4,108,253	-	-	4,108,253
	<u>\$ 9,853,286</u>	<u>\$5,745,033</u>	<u>\$ -</u>	<u>\$4,108,253</u>

Investments stated at fair value at March 31, 2016 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 2,790,506	\$2,790,506	\$ -	\$ -
Mutual Funds:				
Fixed Income	148,722	148,722	-	-
Equity	841,537	841,537	-	-
Marketable Equity Securities	1,291,208	1,291,208	-	-
	<u>\$ 5,071,973</u>	<u>\$5,071,973</u>	<u>\$ -</u>	<u>\$ -</u>

United Way's investment in Stark Community Foundation Pooled Account represents amounts previously held by the United Way Foundation (see Note J). This organization was dissolved and the investments held by the organization were transferred to United Way, effective November 1, 2016 at the fair value of the investments and were recorded on United Way's books as donation revenue. Realized and unrealized gains and losses are recorded in investment income.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE B - INVESTMENTS (CONTINUED)

FASB ASC 820-10 *Fair Value Measurements*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value. The United Way's investments in U.S. government and agency bonds, mutual funds and marketable equity securities are Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The United Way had no Level 2 inputs.

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances. The United Way's investment in the Stark Community Foundation Pooled Account is a Level 3 input.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at March 31, 2017:

Beginning balance	\$ -
Transfer into Level 3 as donation revenue	3,925,627
Total gains or losses for the period	218,681
Total other earned income	8,263
Total disbursements	(44,318)
Ending Balance	<u>\$ 4,108,253</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE C - PLEDGES RECEIVABLE**

Pledges receivable and related information at March 31, 2017 and 2016 are summarized as follows:

	PLEDGE YEAR 2017		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 6,036,033	\$ 6,335,258	\$ 12,371,291
Collections to date	(3,054,738)	(6,089,631)	(9,144,369)
Unpaid pledge amount	2,981,295	245,627	3,226,922
Allowance for uncollectible accounts	(181,081)	(245,627)	(426,708)
	\$ 2,800,214	\$ -	\$ 2,800,214
	PLEDGE YEAR 2016		
	CURRENT	PRIOR	TOTAL
Gross pledges	\$ 6,334,449	\$ 6,699,094	\$ 13,033,543
Collections to date	(2,878,573)	(6,519,905)	(9,398,478)
Unpaid pledge amount	3,455,876	179,189	3,635,065
Allowance for uncollectible accounts	(190,033)	(179,189)	(369,222)
	\$ 3,265,843	\$ -	\$ 3,265,843

**NOTE D - LOANS RECEIVABLE**

Loans receivable represent funds advanced to agencies participating in the defined benefit plan to cover their respective portion of the termination liability. Loans are stated at unpaid balances, less any applicable allowance for loan loss. The loans are collateralized by future allocations from the United Way. At March 31, 2017 and 2016 future allocations to the agencies were sufficient to cover 89% of the outstanding principal balance and as such no allowance has been recorded. Repayment terms are 10 years and interest will be charged at a rate of 1% for the first five years and 4% for the remaining term. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. The loans had an outstanding principal balance of \$175,455 and \$204,774 as of March 31, 2017 and 2016, respectively.

Interest received was \$2,023 and \$2,048 for the years ended March 31, 2017 and 2016, respectively.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE E - EQUIPMENT**

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 15 years. Provision for depreciation amounted to \$57,985 and \$58,200 for the years ended March 31, 2017 and 2016, respectively.

Equipment is summarized as follows at March 31, 2017 and 2016:

	2017	2016
Office equipment	\$ 332,056	\$ 407,997
Leasehold improvements	229,322	229,322
	561,378	637,319
Accumulated depreciation	(325,127)	(343,083)
	\$ 236,251	\$ 294,236

**NOTE F - APPROPRIATED UNRESTRICTED NET ASSETS**

By action of the Board of Trustees, certain unrestricted net assets have been appropriated for specific purposes. The following schedule summarizes, by purpose, the composition of these net assets at March 31, 2017 and 2016:

	2017	2016
<u>APPROPRIATED FOR</u>		
Operating reserves	\$ 1,600,000	\$ 1,560,000
Accumulated increase on investments reported at fair value	589,058	200,576
	\$ 2,189,058	\$ 1,760,576

**NOTE G - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Campaign revenue for future allocation period	\$ 5,564,597	\$ 5,831,307
CARE Team	833,747	847,091
Alvarez Subfund	20,554	-
Capital Improvements Subfund	962,983	-
	\$ 7,381,881	\$ 6,678,398

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE H - PENSION PLAN

Thrift Plan

United Way adopted a contributory tax deferred nonparticipating annuity plan under rules provided under Internal Revenue Code Section 403(b). The Organization makes a matching contribution of 3% of an employees' salary. Elective deferrals may be made by employees. Expenses reported in the financial statements for this plan amounted to \$25,511 and \$21,483 for the years ended March 31, 2017 and 2016, respectively.

NOTE I - OPERATING LEASES

United Way has entered into various noncancellable operating lease agreements for the rental of office facilities (see Note N) and equipment. Minimum rentals are as follows:

YEAR ENDED MARCH 31:

2018	\$ 161,269
2019	161,269
2020	161,755
2021	162,000
2022	162,000
Thereafter	378,000
TOTAL	<u>\$1,186,293</u>

Rent expense charged to operations was \$161,269 for the years ended March 31, 2017 and 2016, respectively.

NOTE J - UNITED WAY FOUNDATION

The United Way Foundation was established as a 509(a)(3) Dual Supporting Organization and was approved for tax-exempt status by the Internal Revenue Service on September 19, 1996.

By definition, the United Way Foundation had two members of record, the United Way and the Stark Community Foundation. The assets of the United Way Foundation were recorded on the books of the Stark Community Foundation for year end March 31, 2016. On May 24, 2016 the board of directors of The United Way voted to dissolve the United Way Foundation resulting in the assets of the United Way Foundation being recorded as donation revenue during the year ended March 31, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE J - UNITED WAY FOUNDATION (CONTINUED)

Income earned by the United Way Foundation for the period prior to being dissolved and paid to and recorded by United Way as revenue was \$273,988 for the year ended March 31, 2017, and \$261,988 for the year ended March 31, 2016.

NOTE K - COMMITMENTS

Ways to Work

Beginning in 2014, the United Way began a program, with a local bank and the National Ways to Work, Inc. office to provide small loans to non-credit worthy, low income persons, primarily for the purpose of buying or repairing a motor vehicle for the applicant's employment. In conjunction with the services provided through the program, the United Way acted as originator and guarantor on the loans approved. The loans are not recorded as a direct asset or liability for the United Way, but as guarantor a portion may become a liability in the event of a default by the applicant.

In 2017, the National Ways to Work program discontinued their loan program. National Ways to Work will continue to service existing debt but is not offering further loans. The United Way is exploring opportunities to continue a similar program through a local financial institution.

Repossession expenses totaled \$29,374 and \$28,833 for the years ended March, 31, 2017 and 2016, respectively. Repo expenses are included as miscellaneous within the Ways to Work/Vita program services.

Total loans guaranteed amounted to \$160,712 and \$350,043 at March 31, 2017 and 2016, respectively.

Call Center

The United Way entered into an agreement with the United Way of Greater Cleveland to provide call center services in the United Ways 211 Help Center program for information and referral services through March 31, 2019. As part of this agreement, United Way is committed to the following amounts:

Years ending March:	
2018	\$ 193,060
2019	196,000
TOTAL	<u>\$ 389,060</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE L - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS**

The United Way had the following payments made to affiliated organizations as of March 31:

	<u>2017</u>	<u>2016</u>
United Way Worldwide	\$ 73,983	\$ 66,068
Ohio United Way	21,894	22,592
	<u>\$ 95,877</u>	<u>\$ 88,660</u>

**NOTE M - DONATED SERVICES**

The United Way records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended March 31, 2017 and 2016 \$124,944 and \$90,530, respectively, were reflected in the accompanying financial statements, for contributed professional and advertising services, as in-kind contributions and were offset by like amounts included in expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist United Way with specific assistance programs, campaign solicitations, and various committee assignments. United Way receives thousands of volunteer hours per year. However, no amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for recording in the financial statements. United Way management estimates that the fair value of donated services received but not recognized as revenues was \$688,612 and \$851,537 for the years ended March 31, 2017 and 2016, respectively.

**NOTE N - RELATED PARTY TRANSACTIONS**

The United Way leases office space from a company that is majority owned by a member of the board of directors. The location was selected after an extensive search process and in managements opinion the building represented the most favorable terms and location to carry out the United Way's mission.

Rent expense charged to operations under this lease agreement was \$144,000 for the years ended March 31, 2017 and 2016, respectively.