

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Financial Statements
December 31, 2018 and 2017
(See Independent Auditor's Report)

**United Way of Madison County, Indiana, Inc.
Anderson, Indiana
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Madison County, Indiana, Inc.
Anderson, Indiana

We have audited the accompanying financial statements of United Way of Madison County, Indiana, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 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

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

Auditor's Responsibility

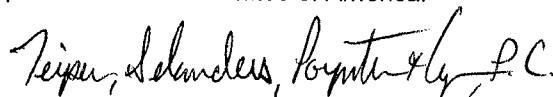
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Madison County, Indiana, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Teipen, Selanders, Poynter & Ayres, P.C.
Certified Public Accountants

June 20, 2019

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Financial Position
As of December 31, 2018 and 2017
(See Independent Auditor's Report)

	2018	2017
Assets		
Cash and Cash Equivalents - Note 1	\$ 222,321	\$ 163,453
Pledges Receivable - 2018 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$27,961 and \$0 - Note 1	186,015	-
Pledges Receivable - 2017 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$39,650 and \$22,866 - Note 1	36,815	176,192
Pledges Receivable - 2016 Campaign, Net of Allowance for Uncollectible Pledges of \$0 and \$45,657 - Note 1	-	44,828
Grants Receivable	76,849	41,153
Accounts Receivable	500	500
Prepaid Expenses	13,701	16,238
Distributions Receivable from Community Foundation	78,007	74,871
Property and Equipment - Net of Accumulated Depreciation of \$73,636 and \$68,770 - Notes 1 and 2	133,559	138,424
Beneficial Interest in Community Foundation Funds - Note 3	296,807	295,822
Investments - Notes 1 and 4	1,085,044	1,148,427
	<u>1,085,044</u>	<u>1,148,427</u>
Total Assets	\$ <u>2,129,618</u>	\$ <u>2,099,908</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 9,524	\$ 14,180
Accrued Expenses Payable	53,416	65,532
Distributions Payable	62,560	62,970
Designations Payable - 2018 Campaign	13,219	-
Designations Payable - 2017 Campaign	4,406	14,945
Designations Payable - 2016 Campaign	-	4,908
	<u>143,125</u>	<u>162,535</u>
Total Liabilities	<u>143,125</u>	<u>162,535</u>
Net Assets - Notes 1, 3, 7 and 10		
Without Donor Restriction	1,263,692	1,286,443
With Donor Restrictions	722,802	650,930
	<u>1,986,493</u>	<u>1,937,373</u>
Total Net Assets	<u>1,986,493</u>	<u>1,937,373</u>
Total Liabilities and Net Assets	\$ <u>2,129,618</u>	\$ <u>2,099,908</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018
(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Gross Campaign Results	\$ 267,097	\$ 413,452	\$ 680,549
Donor Designations	(27,850)	(17,520)	(45,370)
Provision for Uncollectible Pledges	<u>(23,814)</u>	<u>(27,961)</u>	<u>(51,775)</u>
Net Campaign Results	215,433	367,971	583,404
Designations from Other United Ways	27,572	2,127	29,699
Service Fees	5,073	3,852	8,925
Grants	5,750	52,044	57,794
In-Kind Contributions - Note 1	5,955	-	5,955
Special Events - Fundraising - Net of Expense of \$37,846	23,983	-	23,983
Meetings and Workshops	1,950	-	1,950
Sponsorship	6,007	-	6,007
Covering Kids & Families	79,449	-	79,449
RSVP	40,532	-	40,532
Other	15,478	-	15,478
Interest - Short Term Investments - Note 4	130	-	130
Return on Investments - Net - Note 4	(63,383)	-	(63,383)
Beneficial Interest in Community Foundation Funds	77,507	985	78,492
Net Assets Released from Restriction	<u>355,107</u>	<u>(355,107)</u>	<u>-</u>
Total Support and Revenue	<u>796,542</u>	<u>71,872</u>	<u>868,414</u>
Program and Support Services			
Program Services			
Gross Funds Distributed	241,465	-	241,465
Other Program Services	<u>451,381</u>	<u>-</u>	<u>451,381</u>
Total Program Services	<u>692,846</u>	<u>-</u>	<u>692,846</u>
Support Services			
Management and General	62,338	-	62,338
Fundraising	56,415	-	56,415
Unallocated Payments to Affiliated Organization - UWA Dues	<u>7,695</u>	<u>-</u>	<u>7,695</u>
Total Support Services	<u>126,448</u>	<u>-</u>	<u>126,448</u>
Total Expenses	<u>819,294</u>	<u>-</u>	<u>819,294</u>
Change in Net Assets	(22,751)	71,872	49,121
Net Assets - Beginning of Year	<u>1,286,443</u>	<u>650,930</u>	<u>1,937,373</u>
Net Assets - End of Year	<u>\$ 1,263,692</u>	<u>\$ 722,802</u>	<u>\$ 1,986,493</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017
(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Gross Campaign Results	\$ 281,133	\$ 377,930	\$ 659,063
Donor Designations	(11,769)	(18,838)	(30,607)
Provision for Uncollectible Pledges	<u>(37,772)</u>	<u>(22,866)</u>	<u>(60,638)</u>
Net Campaign Results	231,592	336,226	567,818
Designations from Other United Ways	28,567	2,927	31,494
Service Fees	10,712	3,514	14,225
Grants	8,432	54,539	62,971
In-Kind Contributions - Note 1	10,468	-	10,468
Special Events - Fundraising - Net of Expense of \$10,526	24,571	-	24,571
Meetings and Workshops	418	-	418
Sponsorship	515	-	515
Covering Kids & Families	87,323	-	87,323
RSVP	46,118	-	46,118
Other	5,137	-	5,137
Interest - Short Term Investments - Note 4	92	-	92
Return on Investments - Net - Note 4	98,403	(74)	98,329
Beneficial Interest in Community Foundation Funds	74,371	492	74,863
Miscellaneous	297	-	297
Net Assets Released from Restriction	<u>448,588</u>	<u>(448,588)</u>	<u>-</u>
Total Support and Revenue	<u>1,075,604</u>	<u>(50,963)</u>	<u>1,024,639</u>
Program and Support Services			
Program Services			
Gross Funds Distributed	256,565	-	256,565
Other Program Services	<u>489,331</u>	<u>-</u>	<u>489,331</u>
Total Program Services	<u>745,896</u>	<u>-</u>	<u>745,896</u>
Support Services			
Management and General	64,130	-	64,130
Fundraising	59,921	-	59,921
Unallocated Payments to Affiliated Organization - UWA Dues	<u>8,668</u>	<u>-</u>	<u>8,668</u>
Total Support Services	<u>132,719</u>	<u>-</u>	<u>132,719</u>
Total Expenses	<u>878,614</u>	<u>-</u>	<u>878,614</u>
Change in Net Assets	196,988	(50,963)	146,025
Net Assets - Beginning of Year	<u>1,089,455</u>	<u>701,893</u>	<u>1,791,348</u>
Net Assets - End of Year	<u>\$ 1,286,443</u>	<u>\$ 650,930</u>	<u>\$ 1,937,373</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2018
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 9	\$ 241,465	\$ -	\$ -	\$ -	\$ 241,465
Salaries and Wages	229,488	13,365	27,043	-	269,896
Payroll Taxes and Benefits	79,363	4,164	9,106	-	92,633
Total Personnel	<u>308,851</u>	<u>17,529</u>	<u>36,149</u>	-	<u>362,529</u>
Processing and Accounting Service	-	30,180	-	-	30,180
Professional Fees	-	10,250	838	-	11,088
Contract Service Fees	-	-	648	-	648
Campaign	-	-	7,408	-	7,408
Marketing and Advertising - Note 1	2,141	180	1,866	-	4,187
Printing and Publications	4,703	241	-	-	4,944
Postage	906	63	1,037	-	2,006
Office Supplies	3,189	179	391	-	3,759
Office Rent	300	-	-	-	300
Telephone and Utilities	9,400	810	1,728	-	11,938
Repairs and Maintenance	3,117	262	573	-	3,952
Insurance	3,192	236	516	-	3,944
Conferences, Training and Meetings	9,996	808	1,625	-	12,429
Travel	2,163	487	1,300	-	3,950
Facility	3,970	334	730	-	5,034
Born Learning	833	-	-	-	833
Other Events - Program	7,437	-	-	-	7,437
Community Programs	14,183	-	-	-	14,183
UCAP	28,286	-	-	-	28,286
Thrive	16,768	-	-	-	16,768
RSVP	1,485	-	-	-	1,485
211 Services	10,000	-	-	-	10,000
Gift In Kind	5,955	-	-	-	5,955
State and Local Dues	4,125	303	662	-	5,090
Depreciation - Note 1	3,838	323	706	-	4,867
Miscellaneous	6,543	153	238	-	6,934
Subtotal	<u>451,381</u>	<u>62,338</u>	<u>56,415</u>	-	<u>570,134</u>
United Way of America Dues	-	-	-	7,695	7,695
Totals	<u>\$ 692,846</u>	<u>\$ 62,338</u>	<u>\$ 56,415</u>	<u>\$ 7,695</u>	<u>\$ 819,294</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2017
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 9	\$ 256,565	\$ -	\$ -	\$ -	\$ 256,565
Salaries and Wages	285,382	14,825	31,855	-	332,062
Payroll Taxes and Benefits	84,021	4,657	9,975	-	98,653
Total Personnel	<u>369,403</u>	<u>19,482</u>	<u>41,830</u>	-	<u>430,715</u>
Processing and Accounting Service	-	30,180	-	-	30,180
Professional Fees	499	10,296	598	-	11,393
Contract Service Fees	-	-	123	-	123
Campaign	-	-	6,079	-	6,079
Marketing and Advertising - Note 1	1,002	92	2,277	-	3,371
Printing and Publications	1,340	3	-	-	1,343
Postage	1,426	271	856	-	2,553
Office Supplies	2,535	184	394	-	3,113
Telephone and Utilities	8,711	799	1,711	-	11,221
Repairs and Maintenance	2,722	250	535	-	3,507
Insurance	3,010	266	570	-	3,846
Conferences, Training and Meetings	6,145	902	1,905	-	8,952
Travel	2,179	447	1,101	-	3,727
Equipment Purchases	70	6	14	-	90
Facility	2,069	190	406	-	2,665
Born Learning	2,511	-	-	-	2,511
Other Events - Program	5,328	-	-	-	5,328
Community Programs	5,657	-	-	-	5,657
UCAP	19,379	-	-	-	19,379
Thrive	19,938	-	-	-	19,938
RSVP	2,254	-	-	-	2,254
211 Services	10,000	-	-	-	10,000
Gift in Kind	10,468	-	-	-	10,468
Loss on Property and Equipment					
Dispositions	366	33	72	-	471
State and Local Dues	2,807	221	473	-	3,501
Depreciation - Note 1	4,090	375	803	-	5,268
Miscellaneous	5,422	133	174	-	5,729
Subtotal	<u>489,331</u>	<u>64,130</u>	<u>59,921</u>	-	<u>613,382</u>
United Way of America Dues	-	-	-	8,668	8,668
Totals	<u>\$ 745,896</u>	<u>\$ 64,130</u>	<u>\$ 59,921</u>	<u>\$ 8,668</u>	<u>\$ 878,615</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(See Independent Auditor's Report)

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ 49,121	\$ 146,025
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	4,867	5,268
Realized and Unrealized (Gains) Losses on Investments	127,923	(50,202)
Dividends Earned in Investment Accounts	(71,386)	(54,654)
Broker Fees Paid in Investment Accounts	6,847	6,526
Stock Received as Contribution	(14,633)	(23,299)
Loss on Disposition of Property and Equipment	-	471
(Increase) Decrease in Beneficial Interest in Community Foundation Funds	(985)	(492)
(Increase) Decrease in Pledges Receivable - Net	(1,810)	31,727
(Increase) Decrease in Grants Receivable	(35,696)	7,696
(Increase) Decrease in Accounts Receivable	-	2,818
(Increase) Decrease in Prepaid Expenses	2,537	(5,319)
(Increase) Decrease in Distributions Receivable from Community Foundation	(3,136)	(60,088)
Increase (Decrease) in Accounts Payable	(4,655)	3,881
Increase (Decrease) in Accrued Expenses Payable	(12,116)	59,919
Increase (Decrease) in Distributions Payable	(411)	(4,432)
Increase (Decrease) in Designations Payable	(2,228)	(6,561)
Net Cash Provided by Operating Activities	<u>44,238</u>	<u>59,285</u>
Cash Flows from Investing Activities		
Withdrawals from Investment Accounts	14,630	10,251
Purchase of Property and Equipment	-	(1,113)
Net Cash Provided by Investing Activities	<u>14,630</u>	<u>9,138</u>
Net Increase in Cash and Cash Equivalents	58,868	68,423
Cash and Cash Equivalents - Beginning of Year	<u>163,453</u>	<u>95,030</u>
Cash and Cash Equivalents - End of Year	<u>\$ 222,321</u>	<u>\$ 163,453</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Proceeds from Sale of Mutual Funds Held with Broker-Dealer	\$ 58,591	\$ 736,468
Purchase of Mutual Funds Held with Broker-Dealer	110,577	770,519

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2018 and 2017
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The United Way of Madison County, Indiana, Inc. (the Organization), was formed in 1977 as a voluntary not-for-profit organization benefiting the Madison County, Indiana community. The mission of the Organization is to provide leadership and support in identifying and satisfying basic human needs and improving the quality of life in Madison County, Indiana. The Organization is governed by a volunteer board of directors and solicits donations from the public in Madison County and grants monies to various not-for-profit agencies.

BASIS OF PRESENTATION - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (FASB) ASC 958-225-45-5, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-225-45-5, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without board restrictions, net assets for a quasi-endowment.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor-imposed restrictions). Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS - For the purposes of the Statements of Cash Flows, the Organization considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Office Furniture and Equipment	3 - 10 Years	
Building	40 Years	
	2018	2017
Depreciation Expense	\$ <u>4,867</u>	\$ <u>5,268</u>

(Continued)

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2018 and 2017
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUPPORT, REVENUE AND PLEDGES - All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as a receivable when the pledge is received and allowances are provided for pledges estimated to be uncollectible. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as with donor restrictions that increase that net asset classification.

When a donor stipulated time restriction ends, or a purpose restriction is accomplished, then the net assets with donor restriction net asset is released to net assets without donor restriction.

The majority of pledges receivable are received from a broad base of Madison County contributors as a result of the annual United Way Campaign.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management's evaluation of the collectability of the pledge's receivable, trends in historical bad debt experience and economic conditions, applied to gross campaign, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of bad debts and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

INVESTMENTS - Investments consist of broker money market funds and mutual funds which are recorded at fair value. The broker money market funds are with a financial advisor firm. The mutual funds are held with a local broker-dealer. The fair value of investments is generally determined based upon quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Realized and unrealized gains and losses are reflected in the Statements of Activities.

The Organization's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amount reported in the Statements of Financial Position and the Statements of Activities.

COST DEDUCTION - The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs for personnel and other overhead costs have been allocated among the programs and supporting services based upon the distribution of staff time.

(Continued)

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2018 and 2017
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2018 and 2017, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$5,955 and \$10,468 respectively. In-Kind contribution revenue is recognized as follows:

	2018	2017
Advertising	\$ 5,156	\$ 9,088
Special Events and Programs	533	1,260
Property, Equipment and Facility	266	120
Total In-Kind Contributions	\$ 5,955	\$ 10,468

CONTRIBUTED SERVICES - During the years ended December 31, 2018 and 2017, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fund raising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*, and are not included in the financial statements.

MARKETING AND ADVERTISING - Marketing and advertising costs are expensed as incurred.

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

INCOME TAXES - The Organization is a not-for-profit, charitable organization as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

RECLASSIFICATIONS - Certain account combinations from the prior year financial statements have been reclassified in the financial statements and notes to the financial statements to conform to the current year format.

NOTE 2 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following:

	2018	2017
Office Furniture and Equipment	\$ 66,415	\$ 66,415
Building	117,287	117,287
Land	23,493	23,493
Less: Accumulated Depreciation	(73,636)	(68,770)
Total Property and Equipment - Net	\$ 133,559	\$ 138,424

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2018 and 2017
(See Independent Auditor's Report)

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATION

In 1995, the Organization made a transfer of funds into the George M. Lee United Way Memorial Fund of the Madison County Community Foundation, Inc. (Foundation). In 1999, the Organization made a transfer of funds into the United Way of Madison County, Inc. Indiana Endowment Fund of the Foundation. In 2001, the Organization transferred funds to establish the United Way of Madison County Targeted Impact Fund at the Foundation. The three funds are governed by designated endowment agreements. Under the agreements, the Organization is specified as the beneficiary of earnings as determined by the Foundation's distribution policy. However, the Foundation was granted the authority to vary the terms of the agreements. Distributions from these funds are unrestricted.

The beneficial interest reported as an asset represents the present value of the estimated future distributions to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the funds is reported as an increase or decrease in net assets with donor restrictions. The beneficial interests in assets held by the Foundation are summarized as follows:

	2018	2017
George M. Lee United Way Memorial Fund	\$ 38,608	\$ 38,913
United Way of Madison County, Inc. Indiana Endowment Fund	253,719	252,476
United Way of Madison County Targeted Impact Fund	<u>4,480</u>	<u>4,433</u>
Total Beneficial Interest in Assets with Foundation	<u>\$ 296,807</u>	<u>\$ 295,822</u>

Change in endowment net assets as determined by the Foundation for the years ended December 31, 2018 and 2017 are as follows:

	Endowments with Donor Restrictions	
	2018	2017
Beginning of Year	\$ 358,426	\$ 319,470
Contributions	2,032	2,190
Investment Return		
Interest, Dividends and Realized Gains	13,984	15,995
Unrealized (Depreciation) Appreciation	(42,308)	39,128
Grants Voted	(12,921)	(12,103)
Fees	<u>(6,539)</u>	<u>(6,253)</u>
End of Year	<u>\$ 312,674</u>	<u>\$ 358,426</u>

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NOTE 4 - INVESTMENTS

The Organization's investments at fair value are as follows:

	2018	2017
Investments		
Broker Money Market Funds	\$ 28,776	\$ 26,917
Mutual Funds	<u>1,056,268</u>	<u>1,121,510</u>
	<u>\$ 1,085,044</u>	<u>\$ 1,148,427</u>

Investment return is summarized below:

	2018	2017
Short-Term Investments		
Interest Income	<u>\$ 130</u>	<u>\$ 92</u>
Investments		
Investment Earnings - Dividends	\$ 71,386	\$ 54,654
Realized and Unrealized (Loss) Gains	(127,923)	50,202
Investment Fees	<u>(6,847)</u>	<u>(6,526)</u>
Total Return on Investments	<u>\$ (63,383)</u>	<u>\$ 98,329</u>

NOTE 5 - OPERATING LEASE

The Organization leases office space in Elwood, Indiana on a month to month basis. The lease requires monthly rental payments of \$150. The Organization also leases various pieces of office equipment which requires total monthly rental payments of approximately \$170. Total lease expense for the years ended December 31, 2018 and 2017 was \$3,756 and \$2,339, respectively.

NOTE 6 - RELATED PARTIES

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the United Way of Madison County, Indiana, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the United Way of Madison County, Indiana, Inc.

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NOTE 7 - NET ASSETS

The Board has designated net assets without donor contributions generally through bequests and planned gifts through the use of a quasi-endowment. Net assets without donor restrictions as of December 31, 2018 and 2017 are as follows:

	2018	2017
Board Designated		
Quasi-Endowment - Investment Account	\$ 950,000	\$ 950,000
Not Board Designated		
Investment Account	99,458	157,382
Remainder	<u>214,234</u>	<u>179,061</u>
Total Unrestricted Net Assets	<u>\$ 1,263,692</u>	<u>\$ 1,286,443</u>

Net assets with donor restrictions at December 31, 2018 and 2017 are restricted for the following purposes:

	2018	2017
Subject to the Passage of Time	<u>\$ 373,950</u>	<u>\$ 342,592</u>
Subject to Expenditure for Specified Purpose		
UnitedIN18 Grant	52,044	-
UnitedIN16 Grant	-	8,904
CAN	<u>-</u>	<u>3,610</u>
	<u>52,044</u>	<u>12,515</u>
Endowments		
Beneficial Interest in Assets Held by Community Foundation	<u>296,807</u>	<u>295,822</u>
	<u>\$ 722,802</u>	<u>\$ 650,930</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors for the years ended December 31, 2018 and 2017 as follows:

	2018	2017
Expiration of Time Restrictions	\$ 342,592	\$ 372,252
UnitedIN16 Grant	8,904	73,096
CAN	<u>3,610</u>	<u>3,240</u>
Total Restrictions Released	<u>\$ 355,107</u>	<u>\$ 448,588</u>

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NOTE 8 - PENSION PLAN

The Organization sponsors a defined contribution pension plan under Section 403(b) of the Internal Revenue Code in which all employees, as defined, are eligible to participate. Employees may make before tax or after tax contributions. Eligible employees receive contributions equal to 8% of their compensation. Employees are fully vested in employer contributions to the plan after three years of service. During the years ended December 31, 2018 and 2017, \$26,475 and \$25,911 was paid and expensed, respectively.

NOTE 9 - DESCRIPTION OF MAJOR PROGRAM SERVICES

The Organization supports other not-for-profit agencies in Madison County, Indiana serving various areas of education, income and health. Gross distributions to these agencies for the years ended December 31, 2018 and 2017 are \$241,565 and \$256,565, respectively.

Born Learning - Coordinated outreach for families of young children under the age of four. Coordination of local match requirements for state funded pre-K.

Community Access Network - Coordinate network of basic needs providers to better serve those in need of housing and food support and to provide long-term services to help people become self-sufficient.

Covering Kids and Families - The Organization is the lead agency for "The Covering Kids and Families of Madison County Coalition", a program that focuses on reducing the number of uninsured residents in Madison County.

RSVP - Promotion of volunteerism and matching of volunteer opportunities.

Thrive Network - Collaboration of organizations that provide support for individuals and families to achieve and sustain financial self-sufficiency. The Network provides coaching in three areas: employment, income supports and financial empowerment. THRIVE clients work with the Network in at least two areas over a period of months to years to achieve these goals.

Community Organizations Active in Disaster (COAD) - A network of organizations and government entities that plan and prepare for a coordinated response in the event of natural or other disaster. The Organization facilitates planning meetings, trainings and communications for the COAD.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS CASH BALANCES

At December 31, 2018 and 2017, the cash and cash equivalent balance on the Statements of Financial Position included net assets with donor restrictions totaling \$201,156 and \$165,255, respectively.

NOTE 11 - CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash accounts at two financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, during the years ended December 31, 2018 and 2017, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. At December 31, 2018 and 2017, the Organization had no accounts in excess of the \$250,000 limit. The Organization has not experienced any losses.

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NOTE 12 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2018 and 2017, campaign pledges were received from donors that exceeded ten percent of the Organization's total gross current year campaign donations. The campaign revenue and related pledge receivable amounts for each as of December 31, 2018 and 2017 is as follows:

	2018	
	Campaign	Receivable
Hospital	\$ 85,910	\$ 35,424
	2017	
	Campaign	Receivable
Hospital	\$ 93,153	\$ 38,915
Recreational Facility	40,636	40,636
	\$ 133,789	\$ 79,551

NOTE 13 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements. The Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2015 and does not expect the total amount of unrecognized tax benefits to significantly change in the next year. The Organization would recognize interest and penalties related to income tax matters in miscellaneous expense. The Organization did not have any amounts accrued for interest and penalties as of December 31, 2018 and 2017.

NOTE 14 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of June 20, 2019.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

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NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

The Organization values mutual funds at fair value based upon quoted market prices for the respective fund in active markets (Level 1). The Organization values broker money market funds at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in funds held by the Madison County Community Foundation is based upon a valuation model that calculates the present value of estimated future distributable income (Level 3).

Assets measured at fair value on a recurring basis are summarized below by the three levels of hierarchy:

	2018		
	Level 1	Level 2	Level 3
Broker Money Market Funds	\$ -	\$ 28,776	\$ -
Mutual Funds - By Category			
World Allocation	416,039	-	-
Moderate Allocation	434,976	-	-
Mid-Cap Blend	36,201		
Conservative Allocation	8,078	-	-
Short-Term Bond	25,859	-	-
World Bond	135,115	-	-
Beneficial Interest in Community Foundation Funds	-	-	296,807
	\$ 1,056,268	\$ 28,776	\$ 296,807
	2017		
	Level 1	Level 2	Level 3
Broker Money Market Funds	\$ -	\$ 30,754	\$ -
Mutual Funds - By Category			
World Allocation	452,642	-	-
Moderate Allocation	456,811	-	-
Conservative Allocation	9,144	-	-
Short-Term Bond	26,252	-	-
World Bond	129,166	-	-
Multi-alternative	43,658	-	-
Beneficial Interest in Community Foundation Funds	-	-	295,822
	\$ 1,117,673	\$ 30,754	\$ 295,822

(Continued)

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NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below represents a reconciliation of activities reflected in the Statements of Activities of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2018 and 2017:

	2018	2017
Beginning of Year	\$ 295,330	\$ 296,222
Unrealized Gain (Loss)		
Change in Beneficial Interest	492	(892)
End of Year	\$ 295,822	\$ 295,330

NOTE 16 - RECENT ACCOUNTING GUIDANCE

During the year ended December 31, 2018, the Organization implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the 2017 financials have been retroactively restated to consolidate all donor restricted net assets into one classification, with donor restrictions. Prior to the implantation net assets with donor restrictions were categorized as temporary or permanent restricted net assets. The ASU requires additional disclosure in the areas of liquidity.

NOTE 17 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions, limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and Cash Equivalents	\$	222,321
Pledge Receivable - Net		222,830
Operating Investments		35,586
Grants Receivable		76,849
Distributions Receivable from Community Foundations		78,007
	\$	635,593

The Organization uses cash and cash equivalents and the collection of receivables as well as ongoing revenue earnings to fund its operations.