

Financial Statements

United Way of Treasure Valley, Inc.
(a non profit organization)
Years Ended March 31, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Treasure Valley, Inc.
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Treasure Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 risk 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 Treasure Valley, Inc. as of March 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the United Way of Treasure Valley, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note O that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Harris CPAs

Meridian, Idaho
August 15, 2018

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2018
With Comparative Totals as of March 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,045,298	\$ 1,048,128
Certificates of deposit	1,000,000	1,000,000
Pledges receivable, net	1,227,160	1,355,996
Grants receivable	21,735	82,022
Accrued interest	6,697	1,817
Prepaid expenses	<u>5,946</u>	<u>6,466</u>
Total Current Assets	3,306,836	3,494,429
Property and Equipment, net	24,584	48,426
Noncurrent Assets		
Beneficial interest in agency endowment fund assets held by Idaho Community Foundation	<u>252,625</u>	<u>223,301</u>
Total Assets	<u>\$ 3,584,045</u>	<u>\$ 3,766,156</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Donor designations payable	\$ 192,813	\$ 218,921
Accounts payable and accrued expenses	<u>97,262</u>	<u>94,866</u>
Total Current Liabilities	290,075	313,787
Net Assets		
Without donor restrictions	796,819	961,523
With donor restrictions	<u>2,497,151</u>	<u>2,490,846</u>
Total Net Assets	<u>3,293,970</u>	<u>3,452,369</u>
Total Liabilities and Net Assets	<u>\$ 3,584,045</u>	<u>\$ 3,766,156</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
Public Support and Revenue				
Campaign results, net of donor designations and provision for uncollectible pledges	\$ 61,381	\$ 2,073,478	\$ 2,134,859	\$ 2,213,991
Investment income	12,859	25,749	38,608	33,805
Sponsorships and ticket sales	73,059	27,100	100,159	122,602
In-kind revenue	302,860	83	302,943	306,366
State campaign administration fee	6,620		6,620	7,647
Grants and initiatives		686,717	686,717	479,779
Other income	<u>47,765</u>		<u>47,765</u>	<u>25,570</u>
	504,544	2,813,127	3,317,671	3,189,760
Net assets released from restriction	<u>2,806,822</u>	<u>(2,806,822)</u>	<u>0</u>	<u>0</u>
Total Public Support and Revenue	3,311,366	6,305	3,317,671	3,189,760
Expenses				
Program Services				
P16 Caldwell education project	275,056		275,056	300,407
Treasure Valley Education Partnership	242,117		242,117	394,290
Transforming communities initiative	486,012		486,012	265,553
Grants, initiatives and projects	171,648		171,648	217,203
Community impact	1,085,149		1,085,149	1,139,219
Volunteer and community engagement	<u>349,665</u>		<u>349,665</u>	<u>346,686</u>
Total Program Services	2,609,647		2,609,647	2,663,358
Supporting Services				
Management and administrative	373,240		373,240	334,601
Fundraising	<u>493,183</u>		<u>493,183</u>	<u>473,900</u>
Total Supporting Services	<u>866,423</u>		<u>866,423</u>	<u>808,501</u>
Total Expenses	<u>3,476,070</u>		<u>3,476,070</u>	<u>3,471,859</u>
Change in Net Assets	(164,704)	6,305	(158,399)	(282,099)
Net Assets				
Beginning of Year (restated)	<u>961,523</u>	<u>2,490,846</u>	<u>3,452,369</u>	<u>3,734,468</u>
End of Year	<u>\$ 796,819</u>	<u>\$ 2,497,151</u>	<u>\$ 3,293,970</u>	<u>\$ 3,452,369</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

	Programs							Support			2018	2017
	P16 Caldwell Education Project	Treasure Valley Education Partnership	Transforming Communities Initiative	Grants / Initiatives / Projects	Community Impact Grants	Volunteer / Community Engagement	Programs Sub-total	Management & Administration	Fundraising	Support Sub-total	Grand Total	Grand Total
Community investment	\$ -	\$ 144,500	\$ -	\$ 4,500	\$ 1,806,460	\$ -	\$ 1,955,460	\$ -	\$ -	\$ -	\$ 1,955,460	\$ 1,745,043
Less donor designations	-	-	-	-	(942,311)	-	(942,311)	-	-	-	(942,311)	(785,934)
Net distributions	-	144,500	-	4,500	864,149	-	1,013,149	-	-	-	1,013,149	959,109
Salaries	18,647	46,985	143,685	84,970	118,854	102,064	515,205	215,403	209,187	424,590	939,795	1,010,224
Payroll taxes	1,443	3,847	10,944	6,567	9,152	7,816	39,769	16,524	16,098	32,622	72,391	76,925
Employee benefits	4,440	13,289	33,172	19,928	27,995	23,788	122,612	50,383	48,896	99,279	221,891	248,136
Contracted services	246,290	2,125	265,902	19,614	2,416	4,269	540,616	2,668	2,391	5,059	545,675	431,989
Volunteer services	-	13,760	-	780	29,810	75,250	119,600	9,940	10,160	20,100	139,700	181,390
Insurance	105	279	890	518	696	624	3,112	1,290	1,183	2,473	5,585	6,648
Other operating costs	1,262	3,029	9,603	5,911	12,560	8,323	40,688	18,420	52,498	70,918	111,606	122,783
Occupancy	1,397	3,904	10,542	6,350	8,843	7,539	38,575	15,951	15,482	31,433	70,008	70,007
Travel and meetings	30	7,472	500	185	1,568	28,841	38,596	25,222	10,646	35,868	74,464	63,853
Advertising and marketing	139	144	1,022	697	873	3,703	6,578	1,844	16,583	18,427	25,005	32,519
Special events	-	-	-	-	-	3,400	3,400	72	23,707	23,779	27,179	41,906
Equipment costs	38	108	259	168	232	189	994	409	411	820	1,814	5,431
Depreciation	479	997	3,618	2,306	3,038	2,580	13,018	5,478	5,345	10,823	23,841	28,055
Organizational dues and participation fees	3	9	25	16	21	88	162	744	1,058	1,802	1,964	25,230
Sub-total	274,273	240,448	480,162	152,510	1,080,207	268,474	2,496,074	364,348	413,645	777,993	3,274,067	3,304,205
UWW In-kind Advertising	-	-	-	-	-	28,734	28,734	-	-	-	28,734	40,114
In-Kind Community Investment	-	-	-	15,398	-	48,277	63,675	-	70,834	70,834	134,509	84,860
United Way Worldwide Dues	783	1,669	5,850	3,740	4,942	4,180	21,164	8,892	8,704	17,596	38,760	42,680
Total Functional Expense	\$ 275,056	\$ 242,117	\$ 486,012	\$ 171,648	\$ 1,085,149	\$ 349,665	\$ 2,609,647	\$ 373,240	\$ 493,183	\$ 866,423	\$ 3,476,070	\$ 3,471,859

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Received from campaigns	\$ 2,515,473	\$ 2,491,561
Received from sponsorships and donations	189,765	172,455
Received from grants	670,575	350,516
Other receipts and payments	37,451	42,851
Payments to employees and fringe benefits	(1,227,130)	(1,327,744)
Payments to vendors	(376,307)	(418,000)
Payments to annual grant program entities	(1,240,674)	(1,278,502)
Payments for program activities	<u>(586,598)</u>	<u>(441,701)</u>
Net Cash Provided (Used) by Operating Activities	(17,445)	(408,564)
Cash Flows From Investing Activities		
Purchase of certificates of deposit	0	(1,000,000)
Purchase of equipment	0	(10,428)
Distribution from beneficial interest	9,309	9,456
Interest from short-term investing activities	<u>5,306</u>	<u>1,337</u>
Net Cash Provided (Used) by Investing Activities	<u>14,615</u>	<u>(999,635)</u>
Net Change in Cash and Cash Equivalents	(2,830)	(1,408,199)
Cash and Cash Equivalents - Beginning of Year	<u>1,048,128</u>	<u>2,456,327</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,045,298</u>	<u>\$ 1,048,128</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Note A – Significant Accounting Policies

Nature of Organization

United Way of Treasure Valley, Inc. is a nonprofit organization incorporated under the laws of the State of Idaho, serving the counties of Ada, Canyon, Gem, and eight surrounding counties in southwest Idaho and southeast Oregon. The Organization fights for the health, education and financial stability of everyone in the Treasure Valley. United Way of Treasure Valley forges unlikely partnerships, finds new solutions to old problems, mobilizes resources and inspires individuals to join the fight against the Treasure Valley's most daunting social crises.

The Organization produces a tri-annual community assessment that guides our work and is also used by health systems, school districts, and nonprofits to inform and guide their work. Data and collaboration drive the design and implementation of United Way's 21st century solutions emphasizing long-term policy, systems, and environmental changes that improve the quality of life for all Treasure Valley residents. The Organization provides grant funding for local nonprofit programs that align with the mission and serve the community's low-income families.

United Way of Treasure Valley is a local catalyst and convener for community engagement and volunteerism, bringing together people from corporations, banks, hospitals, schools, government and other individuals to lift up children and families in the Treasure Valley. As a service to the community, the Organization acts as a conduit for donations to other nonprofit entities to allow a single point for an individual or corporation's charitable giving. A majority of the Organization's support consists of corporate and employee giving campaign revenue as well as foundation grants, sponsorships and donations. The Organization's Board of Directors is governed by local volunteers.

Basis of Accounting

The financial statements of United Way of Treasure Valley, Inc. have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates

Cash and Cash Equivalents

The Organization considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash investments and deposit balances. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 and the Securities Investor Protection Corporation for up to \$500,000. At March 31, 2018 and 2017, the Organization's uninsured balances totaled \$254,835 and \$261,971, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend are substantially met or promises become unconditional. Unconditional promises to give are shown as pledges receivable, net of allowance on the statements of financial position.

Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is management's estimate of current campaign pledges that will not be collected in subsequent years. Consideration is given to prior collection experience, collection averages, and current economic conditions in determining the allowance.

Allowance for Uncollectible Donor Designated Pledge Payables

The allowance for designations not to be paid is netted against donor designations payable on the statement of financial position. This amount is management's estimate of current campaign designated donor pledges that will not be collected in subsequent years; therefore, will not be paid. Consideration is given to prior collection experience, collection averages, and current economic conditions in determining the allowance.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. It is the Organization's policy to capitalize assets with a value of at least \$500.

Fair Value

The Organization uses fair value for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

Compensated Absences

Accrued liabilities include amounts for vacation days, which are earned ratably during the year based upon length of employment. Accrued vacation at March 31, 2018 and 2017, was \$23,478 and \$26,762, respectively, and is included in accounts payable and accrued expenses on the statement of financial position.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets With Donor Restrictions

Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net asset without donor restriction and reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Contributions

Contributions received are recorded as with donor restrictions or without support depending on the existence and/or nature of any donor restrictions. All contributions, grants and other revenue sources are considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

Advertising

The Organization uses marketing in the form of mailings, television, radio, and the annual report to promote its programs among the individuals and the community it serves. The production costs of marketing are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position 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 benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2018 or 2017.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

Reclassifications

Certain amounts at March 31, 2017 have been reclassified to conform to the current year presentation. These reclassifications did not have any effect on net assets for the year ended March 31, 2017.

Comparative Data

The amounts shown for the year ended March 31, 2017 in the accompanying financial statements are included to provide a basis for comparison with 2018 and present summarized totals only. Accordingly, the 2017 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2017, from which the summarized information was derived.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization has chosen to early-adopt this ASU as of and for the year ended March 31, 2018.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Subsequent Events

The Organization has evaluated subsequent events through August 15, 2018, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,045,298
Certificates of deposit	1,000,000
Pledges receivable, net	1,227,160
Grants receivable	21,735
Accrued interest	<u>6,697</u>
Total financial assets available within one year	3,300,890
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(183,932)
Restricted by donors with designated contributions	<u>(216,018)</u>
Total amounts unavailable for general expenditures within one year	<u>(399,950)</u>
Total financial assets available within one year after restriction	<u>\$ 2,900,940</u>

Included in the total financial assets available within one year after restriction are \$2,060,594 of net assets from current year campaign revenue that is time restricted. The time restriction is met on April 1, 2018 and those assets are then available to be used for general expenditures in the 2019 fiscal year.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$200,000 which it could draw upon.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Note C – Certificates of Deposit

At March 31, 2018 and 2017, the Organization had certificates of deposit totaling \$1,000,000 and \$1,000,000, respectively. Those certificates were for various terms ranging between six months and 1 year (maturity dates through February 2019) and annual interest rates from 1.06% to 1.85%. These certificates are not readily convertible into cash within ninety (90) days of purchase and are not considered to be cash equivalents. All certificates of deposit are fair valued using Level 1 inputs. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note D – Pledges Receivable

Pledges receivable consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 1,482,260	\$ 1,605,096
Less allowance for uncollectible pledges	<u>(255,100)</u>	<u>(249,100)</u>
Pledges receivable, net	<u>\$ 1,227,160</u>	<u>\$ 1,355,996</u>

Note E – Property and Equipment

As of March 31, property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Furniture, fixtures and equipment	\$ 236,646	\$ 236,646
Less accumulated depreciation	<u>(212,062)</u>	<u>(188,220)</u>
	<u>\$ 24,584</u>	<u>\$ 48,426</u>

For the years ended March 31, 2018 and 2017, the Organization recognized \$23,842 and \$28,057 in depreciation expense, respectively.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Note F – Beneficial Interest in Agency Endowment Fund Assets

United Way World Wide, in its efforts to maintain consistency, requires local United Way organizations to temporarily restrict the entire current campaign contributions for use in the next year. United Way of Treasure Valley, Inc. has complied with this requirement by reporting gross campaign results for the current year as well as gifts of cash and other assets that are restricted by donor stipulations as temporarily restricted net assets. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities in net assets as net assets released from restriction.

In 1995 the Organization entered into an agreement with Idaho Community Foundation (the Foundation), an Idaho nonprofit corporation, to establish the United Way of Treasure Valley Gustav Linning Endowment Fund (Linning Fund). In 2010, the Organization entered into an agreement with the Foundation, to establish the Sally Zive United Way Cradle-to-Career Endowment Fund (Zive Fund). The Zive Fund was originally endowed to the Foundation, providing permanent long-term support for educational programs and initiatives geared towards helping lower income children in the Treasure Valley. However, during the year ended March 31, 2014, the Zive Fund became a beneficial interest fund to the Organization and is recognized as a beneficial interest asset on the statement of financial position. Decisions regarding individual programs and initiatives will be made by the UWTV Board of Directors.

The assets of the Linning Fund and the Zive Fund, collectively (the Funds), may be commingled with other Foundation property for investment purposes and are held as component funds of the Foundation's permanent endowment. The Foundation has sole investment and management discretion over the Funds. The agreement permits the foundation to redirect distributions from the Funds for such purposes as will most effectively or closely accomplish the original intent of the agreement if the Organization ceases to exist or is no longer a qualified charitable organization.

The Organization recognizes transfers to the Foundation as an increase in the beneficial interest in assets held at the Foundation. The funds maintained at the Foundation are included in net assets with donor restrictions in the accompanying statements of financial position. The Foundation has sole control over administration of the investments, which are stated at fair value, and a portion of the income earned, if any, is transferred to the Organization annually at the discretion of the Foundation. The income transferred to the Organization by the Foundation is unrestricted.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2018
With Comparative Totals for the Year Ended March 31, 2017

Note F – Beneficial Interest in Agency Endowment Fund Assets (Continued)

The beneficial interest in assets held in the Foundation have been valued, as a practical expedient, at the fair value of the Organization’s share of the Foundation’s investment pool as of the measurement date, utilizing valuations provided by the investment funds. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation’s investment are composed of approximately 50 percent domestic equities, 25 percent international equities, 10 percent domestic fixed income securities, 5 percent real estate investment trusts and 10 percent Treasury Inflation Protecting Securities. These assets are classified as Level 3 in the fair value hierarchy.

Activity of the Funds for the years ended March 31 is as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 223,301	\$ 201,163
Net realized and unrealized gain	27,032	29,718
Fund contributions	12,884	3,000
Management fees	(1,283)	(1,124)
Distributions to net assets without restriction	<u>(9,309)</u>	<u>(9,456)</u>
 Total Beneficial Interest in Agency Endowment Fund Assets Held by Idaho Community Foundation	 \$ <u>252,625</u>	 \$ <u>223,301</u>

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Note G – Donor Designations Payable

Donor designated distributions are funds received during the campaign that were designated by the donor for specific 501(c)(3) agencies net of uncollected pledges. During each of the years ended March 31, 2018 and 2017, approximately 400 agencies received donor designated contributions.

Donor designations payable consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Donor designations, beginning of year	\$ 218,921	\$ 278,199
Donor designated pledges received	260,395	326,138
Donor designated pledges paid	(293,603)	(407,329)
Change in allowance for uncollectible designated pledges	<u>7,100</u>	<u>21,913</u>
Donor designations payable	<u>\$ 192,813</u>	<u>\$ 218,921</u>

The donor designations payable balance is shown net of the allowance for designations not to be paid of \$27,800 and \$34,900 at March 31, 2018 and 2017, respectively.

The Organization receives donor designated pledges that are processed through third party organizations and are not reflected in the donor designations payable balance on the statement of financial position. Donor designations processed by third parties for the years ended March 31, 2018 and 2017 were \$694,955 and \$513,941, respectively.

Note H – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose or period:		
Time restricted current year campaign results	\$ 2,060,594	\$ 2,024,565
Restricted for specific purpose	183,932	242,980
Beneficial interest in agency endowment fund	<u>252,625</u>	<u>223,301</u>
	<u>\$ 2,497,151</u>	<u>\$ 2,490,846</u>

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Note I – In-Kind Donations and Services

Non-cash donations and services are included in in-kind revenue in the financial statements consisted of the following for the years ended March 31:

	<u>2018</u>	<u>2017</u>
Advertising	\$ 78,734	\$ 80,896
Donated services	139,700	181,390
Other	<u>84,509</u>	<u>44,080</u>
Total	<u>\$ 302,943</u>	<u>\$ 306,366</u>

Note J – Operating Leases

The Organization has an operating lease for a building which expires December 31, 2018. Total rent for the operating lease was \$70,008 for each of the years ended March 31, 2018 and 2017. Subsequent to year end, on April 25, 2018, the Organization exercised an option to renew the building lease for five years from January 1, 2019 to December 31, 2024 at an annual rental rate of \$72,500. The Organization has operating leases in place for office equipment. The total lease expense for office equipment was \$636 and \$1,908 for the years ended March 31, 2018 and 2017, respectively.

Future minimum payments under the operating leases as of March 31 have been adjusted to include the lease renewal signed after year end.

2019	\$ 70,631
2020	72,500
2021	72,500
2022	72,500
2023	72,500
Thereafter	<u>54,375</u>
	<u>\$ 415,006</u>

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Note K – Line of Credit

As of March 31, 2018 and 2017, the Organization has a \$200,000 revolving line of credit with a financial institution that is unsecured. Interest on the line is variable and is calculated at prime plus 0% with a 4% floor. At March 31, 2017, the interest rate is 4%. There was no balance outstanding on the line of credit at March 31, 2018 and 2017. The line is due for renewal in November 2018.

Note L – Retirement Plan

The Organization has a 403(b) plan agreement that allows employees to participate once they complete 80 hours of service within a 30 day period of employment. Under this plan, all qualifying employees receive a discretionary contribution from the employer. Employees are fully vested in the employer contribution after 3 years. Plan contributions for the years ended March 31, 2018 and 2017 were \$57,618 and \$61,478, respectively. Plan administration expenses for the years ended March 31, 2018 and 2017 were \$0 and \$4,144, respectively.

Note M – Detail of Grants and Initiatives

	<u>2018</u>	<u>2017</u>
After School Snacks for Youth Program	\$ 4,500	\$ 9,000
EITC/CTC	25,158	6,845
Bank On	18,612	18,954
Community Assessment	18,200	18,247
Individual Development Accounts	1,645	33,241
Promise Neighborhoods	<u>103,533</u>	<u>130,916</u>
Grants/Initiatives and Project Expenses	171,648	217,203
P16 Caldwell Education Project	275,056	300,407
Treasure Valley Education Partnership	242,117	394,290
Transforming Communities Initiative	<u>486,012</u>	<u>265,553</u>
Total Grant and Initiatives Expenditures	<u>\$ 1,174,833</u>	<u>\$ 1,177,453</u>

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Note N – Community Investments by Impact Area

During the years ended March 31, 2018 and 2017, net distributions of cash for community investments were paid to support the Organization’s mission by impact area as follows:

	<u>2018</u>	<u>2017</u>
Education programs	\$ 550,438	\$ 432,918
Health programs	266,394	261,738
Financial stability programs	<u>196,317</u>	<u>264,453</u>
Total Community Investment – Net Distributions	<u>\$ 1,013,149</u>	<u>\$ 959,109</u>

Note O – Restatement

Subsequent to the issuance of the Organization’s 2017 financial statements, management became aware that the 2017 financial statements had incorrectly reported the total net assets without donor restrictions and net asset with donor restrictions. As of March 31, 2017, the corrected amounts have been recorded and the 2017 financial statements have been restated. The effect of this restatement and reclassification on the financial statements at March 31, 2017 was as follows:

	<u>Reported</u>	<u>Restatement</u>	<u>Restated</u>
Net assets without donor restrictions	\$ 1,307,080	\$ (345,557)	\$ 961,523
Net assets with donor restrictions	\$ 2,145,289	\$ 345,557	\$ 2,490,846