

Cedar Valley United Way
Financial Statements
December 31, 2016 and 2015



**Cedar Valley United Way
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Independent Auditor's Report

Board of Directors
Cedar Valley United Way

We have audited the accompanying financial statements of Cedar Valley United Way (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cedar Valley United Way as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BergankDV, Ltd.

Waterloo, Iowa
May 16, 2017

Cedar Valley United Way
Statements of Financial Position
As of December 31, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 423,754	\$ 545,295
Investments	127,036	700,000
Pledges receivable		
Current year campaign (net of allowance for uncollectible pledges: 2016 \$95,388, 2015 \$107,660)	1,066,744	1,121,156
Prior year campaign (net of allowance for uncollectible pledges: 2016 \$155,331, 2015 \$141,955)	60,982	113,021
Contributed rent, current portion	15,998	15,998
Other current assets	34,141	63,008
Total current assets	1,728,655	2,558,478
Investments	1,085,802	382,262
Furniture and equipment, less accumulated depreciation (2016 \$67,104, 2015 \$64,915)	16,000	20,095
Contributed rent	32,488	48,486
Total assets	\$ 2,862,945	\$ 3,009,321
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 17,739	\$ 18,437
Accrued expenses	34,278	30,953
Allocations payable	796,898	810,696
Donor designations payable	233,734	306,279
Total current liabilities	1,082,649	1,166,365
Net assets		
Unrestricted		
Net investment in furniture and equipment	16,000	20,095
Operational reserve	675,015	658,060
Community partner fund	7,930	9,000
Total unrestricted	698,945	687,155
Temporarily restricted	1,081,351	1,155,801
Total net assets	1,780,296	1,842,956
Total liabilities and net assets	\$ 2,862,945	\$ 3,009,321

See notes to financial statements.

**Cedar Valley United Way
Statement of Activities
Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support			
Campaign revenues			
2015 campaign results (released from restrictions)	\$ 1,230,587	\$ (1,230,587)	\$ -
Less allowance for uncollectible pledges	(107,660)	107,660	-
Additional net campaign activity	930,418	-	930,418
Less donor designations	<u>(275,950)</u>	<u>215,053</u>	<u>(60,897)</u>
Net 2015 campaign revenues (released from restrictions)	<u>1,777,395</u>	<u>(907,874)</u>	<u>869,521</u>
2016 campaign results	501,559	1,075,984	1,577,543
Less allowance for uncollectible pledges	-	(95,388)	(95,388)
Less donor designations	<u>-</u>	<u>(113,108)</u>	<u>(113,108)</u>
Net 2016 campaign revenues	<u>501,559</u>	<u>867,488</u>	<u>1,369,047</u>
Net campaign revenues	<u>2,278,954</u>	<u>(40,386)</u>	<u>2,238,568</u>
Other revenue			
Service fees	9,662	-	9,662
In-kind contributions	101,745	-	101,745
Miscellaneous income	67,911	19,252	87,163
Net assets released from restrictions satisfied by payments	<u>53,316</u>	<u>(53,316)</u>	<u>-</u>
Total other revenue	<u>232,634</u>	<u>(34,064)</u>	<u>198,570</u>
Total revenues, gains and other support	<u>2,511,588</u>	<u>(74,450)</u>	<u>2,437,138</u>
 Expenses			
Program services			
Gross funds awarded / distributed	1,969,294	-	1,969,294
Less donor designations	<u>(275,950)</u>	<u>-</u>	<u>(275,950)</u>
Net funds award / distributed	1,693,344	-	1,693,344
Other program services	<u>332,824</u>	<u>-</u>	<u>332,824</u>
Total program services	<u>2,026,168</u>	<u>-</u>	<u>2,026,168</u>
Supporting services			
Fundraising	380,620	-	380,620
Management and general	<u>119,419</u>	<u>-</u>	<u>119,419</u>
Total supporting services	<u>500,039</u>	<u>-</u>	<u>500,039</u>
Total expenses	<u>2,526,207</u>	<u>-</u>	<u>2,526,207</u>
Operating deficit	<u>(14,619)</u>	<u>(74,450)</u>	<u>(89,069)</u>
 Non-Operating Items			
Interest income	20,901	-	20,901
Rental income	<u>5,508</u>	<u>-</u>	<u>5,508</u>
Change in net assets	11,790	(74,450)	(62,660)
Net assets, beginning of year	<u>687,155</u>	<u>1,155,801</u>	<u>1,842,956</u>
Net assets, end of year	<u>\$ 698,945</u>	<u>\$ 1,081,351</u>	<u>\$ 1,780,296</u>

See notes to financial statements.

Cedar Valley United Way
Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support			
Campaign revenues			
2014 campaign results (released from restrictions)	\$ 1,515,798	\$ (1,515,798)	\$ -
Less allowance for uncollectible pledges	(116,105)	116,105	-
Additional net campaign activity	778,996	-	778,996
Less donor designations	(312,022)	299,643	(12,379)
Net 2014 campaign revenues (released from restrictions)	<u>1,866,667</u>	<u>(1,100,050)</u>	<u>766,617</u>
2015 campaign results	437,354	1,245,176	1,682,530
Less allowance for uncollectible pledges	-	(107,660)	(107,660)
Less donor designations	-	(215,053)	(215,053)
Net 2015 campaign revenues	<u>437,354</u>	<u>922,463</u>	<u>1,359,817</u>
Net campaign revenues	<u>2,304,021</u>	<u>(177,587)</u>	<u>2,126,434</u>
Other revenue			
Service fees	28,796	-	28,796
In-kind contributions	160,168	-	160,168
Miscellaneous income	51,040	123,781	174,821
Net assets released from restrictions satisfied by payments	37,309	(37,309)	-
Total other revenue	<u>277,313</u>	<u>86,472</u>	<u>363,785</u>
Total revenues, gains and other support	<u>2,581,334</u>	<u>(91,115)</u>	<u>2,490,219</u>
Expenses			
Program services			
Gross funds awarded / distributed	2,001,471	-	2,001,471
Less donor designations	(312,022)	-	(312,022)
Net funds award / distributed	<u>1,689,449</u>	<u>-</u>	<u>1,689,449</u>
Other program services	366,178	-	366,178
Total program services	<u>2,055,627</u>	<u>-</u>	<u>2,055,627</u>
Supporting services			
Fundraising	352,394	-	352,394
Management and general	169,707	-	169,707
Total supporting services	<u>522,101</u>	<u>-</u>	<u>522,101</u>
Total expenses	<u>2,577,728</u>	<u>-</u>	<u>2,577,728</u>
Operating surplus (deficit)	<u>3,606</u>	<u>(91,115)</u>	<u>(87,509)</u>
Non-Operating Items			
Interest income	20,484	-	20,484
Rental income	1,055	-	1,055
Change in net assets	25,145	(91,115)	(65,970)
Net assets, beginning of year	<u>662,010</u>	<u>1,246,916</u>	<u>1,908,926</u>
Net assets, end of year	<u>\$ 687,155</u>	<u>\$ 1,155,801</u>	<u>\$ 1,842,956</u>

See notes to financial statements.

**Cedar Valley United Way
Statement of Functional Expenses
Year Ended December 31, 2016**

	Programs			Supporting Activities			Total Expenses
	Allocation Services	Other Program Services	Total Programs	Fundraising	Management and General	Total Supporting Activities	
Gross funds awarded / distributed	\$ 1,969,294	\$ -	\$ 1,969,294	\$ -	\$ -	\$ -	\$ 1,969,294
Less donor designations	(275,950)	-	(275,950)	-	-	-	(275,950)
Net funds awarded/distributed	<u>1,693,344</u>	<u>-</u>	<u>1,693,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,693,344</u>
Salaries	-	147,341	147,341	141,072	25,079	166,151	313,492
Employee benefits	-	43,506	43,506	41,654	7,405	49,059	92,565
Payroll taxes and insurance	-	11,341	11,341	10,858	1,930	12,788	24,129
Total salaries and related expenses	<u>-</u>	<u>202,188</u>	<u>202,188</u>	<u>193,584</u>	<u>34,414</u>	<u>227,998</u>	<u>430,186</u>
Professional fees	-	13,017	13,017	12,569	59,494	72,063	85,080
Advertising and promotion	-	2,081	2,081	3,868	354	4,222	6,303
Supplies	-	1,345	1,345	1,288	229	1,517	2,862
Telephone	-	2,466	2,466	2,361	420	2,781	5,247
Printing	-	5,342	5,342	10,052	909	10,961	16,303
Postage	-	1,756	1,756	2,986	299	3,285	5,041
In-kind expenses	-	29,355	29,355	77,139	11,250	88,389	117,744
Occupancy	-	20,470	20,470	19,598	3,484	23,082	43,552
Auto allowance	-	2,789	2,789	2,670	475	3,145	5,934
Conferences	-	2,574	2,574	2,464	438	2,902	5,476
National dues	-	14,383	14,383	13,771	2,448	16,219	30,602
Depreciation	-	3,010	3,010	2,876	517	3,393	6,403
Liability insurance	-	1,118	1,118	1,072	191	1,263	2,381
Maintenance of equipment	-	9,073	9,073	8,687	1,544	10,231	19,304
Membership dues	-	2,482	2,482	2,377	423	2,800	5,282
Bank fees	-	-	-	-	2,457	2,457	2,457
Volunteer recognition	-	-	-	350	-	350	350
Miscellaneous	-	18,305	18,305	130	73	203	18,508
Special events expense	-	-	-	22,778	-	22,778	22,778
Community Partner Fund	-	1,070	1,070	-	-	-	1,070
Total functional expenses	<u>\$ 1,693,344</u>	<u>\$ 332,824</u>	<u>\$ 2,026,168</u>	<u>\$ 380,620</u>	<u>\$ 119,419</u>	<u>\$ 500,039</u>	<u>\$ 2,526,207</u>

See notes to financial statements.

**Cedar Valley United Way
Statement of Functional Expenses
Year Ended December 31, 2015**

	Programs			Supporting Activities			Total Expenses
	Allocation Services	Other Program Services	Total Programs	Fundraising	Management and General	Total Supporting Activities	
Gross funds awarded / distributed	\$ 2,001,471	\$ -	\$ 2,001,471	\$ -	\$ -	\$ -	\$ 2,001,471
Less donor designations	(312,022)	-	(312,022)	-	-	-	(312,022)
Net funds awarded/distributed	<u>1,689,449</u>	<u>-</u>	<u>1,689,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689,449</u>
Salaries	-	148,524	148,524	125,922	48,432	174,354	322,878
Employee benefits	-	50,048	50,048	42,432	16,320	58,752	108,800
Payroll taxes and insurance	-	11,863	11,863	10,058	3,868	13,926	25,789
Total salaries and related expenses	<u>-</u>	<u>210,435</u>	<u>210,435</u>	<u>178,412</u>	<u>68,620</u>	<u>247,032</u>	<u>457,467</u>
Professional fees	-	5,110	5,110	4,340	59,757	64,097	69,207
Advertising and promotion	-	2,465	2,465	4,489	804	5,293	7,758
Supplies	-	2,259	2,259	2,325	1,448	3,773	6,032
Telephone	-	2,526	2,526	2,141	824	2,965	5,491
Printing	-	7,279	7,279	6,185	2,379	8,564	15,843
Postage	-	1,957	1,957	3,864	638	4,502	6,459
In-kind expenses	-	71,181	71,181	76,733	12,254	88,987	160,168
Occupancy	-	20,281	20,281	17,195	6,613	23,808	44,089
Auto allowance	-	2,726	2,726	2,189	842	3,031	5,757
Conferences	-	4,332	4,332	3,880	1,573	5,453	9,785
National dues	-	12,975	12,975	11,001	4,231	15,232	28,207
Depreciation	-	3,383	3,383	2,868	1,103	3,971	7,354
Liability insurance	-	1,312	1,312	1,113	428	1,541	2,853
Maintenance of equipment	-	7,133	7,133	6,047	2,326	8,373	15,506
Membership dues	-	410	410	347	3,015	3,362	3,772
Bank fees	-	-	-	-	2,780	2,780	2,780
Volunteer recognition	-	103	103	87	34	121	224
Miscellaneous	-	6,921	6,921	99	38	137	7,058
Special events expense	-	-	-	29,079	-	29,079	29,079
Community Partner Fund	-	3,390	3,390	-	-	-	3,390
Total functional expenses	<u>\$ 1,689,449</u>	<u>\$ 366,178</u>	<u>\$ 2,055,627</u>	<u>\$ 352,394</u>	<u>\$ 169,707</u>	<u>\$ 522,101</u>	<u>\$ 2,577,728</u>

See notes to financial statements.

Cedar Valley United Way
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (62,660)	\$ (65,970)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	6,403	7,354
Contributed rent	15,998	(64,484)
Changes in operating assets and liabilities		
Pledges receivable	106,451	139,353
Other assets	28,867	(18,571)
Accounts payable	(698)	18,437
Accrued expenses	3,325	(37)
Allocations payable	(13,798)	(26,738)
Donor designations payable	(72,545)	(67,040)
Total adjustments	<u>74,003</u>	<u>(11,726)</u>
Net cash flows - operating activities	<u>11,343</u>	<u>(77,696)</u>
Cash Flows - Investing Activities		
Purchases of equipment	(2,308)	(7,431)
Purchases of investments	(961,152)	-
Proceeds from sale of investments	830,576	200,000
Net cash flows - investing activities	<u>(132,884)</u>	<u>192,569</u>
Net change in cash and cash equivalents	(121,541)	114,873
Cash and Cash Equivalents		
Beginning of year	<u>545,295</u>	<u>430,422</u>
End of year	<u>\$ 423,754</u>	<u>\$ 545,295</u>

**Cedar Valley United Way
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Cedar Valley United Way (the United Way) is a nonprofit organization whose mission is to help people, change lives, and make community investment count. The United Way conducts an annual campaign in the fall of each year. Contributors may designate all or a portion of their contributions to United Way agencies or to nonaffiliated 501(c)(3) organizations. The volunteer Community Impact Teams of the United Way receive funding requests from qualified partner agencies and makes funding recommendations based on the funding requests, site visits and community needs. The board of directors of the United Way approves the agency allocations in the spring and the United Way distributes agency allocations monthly on a fiscal year basis (July through June). Donor designations to agencies are distributed quarterly, less an amount representing administrative costs.

Basis of Presentation

The United Way is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset categories follows.

Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily restricted net assets include contributions for which donor-imposed time and purpose restrictions have not been met.

Permanently restricted net assets include contributions whose use by the United Way is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the United Way.

The United Way did not have any permanently restricted net assets as of December 31, 2016 and 2015.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 include highly liquid investments that are recorded at cost plus interest, which approximates market, and have an original maturity of three months or less.

Investments

Investments consist of money market funds, mutual funds and certificates of deposit. Money market and mutual funds are valued at fair value which approximate cost. Certificates of deposit are recorded at cost plus accrued interest, which approximates market.

**Cedar Valley United Way
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable are expected to be collected within one year and are recorded at their net realizable value.

The allowance for uncollectible pledges for the current campaign is computed based upon a historical average, applied to the gross campaign, including donor designations. The allowance for uncollectible pledges for the prior campaign is based upon a historical average adjusted by management's estimate of anticipated uncollectible past due pledges.

Concentrations of Credit Risk

Financial instruments which potentially subject the United Way to concentrations of credit risk consist principally of cash, cash equivalents, investments, and pledge receivables. The United Way places its cash, cash equivalents and investments with high credit quality financial institutions. The United Way's cash, cash equivalents and investments are in excess of the FDIC insurance limit.

Furniture and Equipment

Furniture and equipment are stated at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The United Way's policy is to capitalize all furniture and equipment purchases in excess of \$1,000.

Allocations to Agencies

Allocations payable are accrued in the period that they are approved by the board of directors.

Income Taxes

The United Way is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and the supporting activities benefited.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

**Cedar Valley United Way
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor Designated Transactions

Certain funds can be designated by donors to United Way agencies or to nonaffiliated 501(c)(3) organizations. The United Way has adopted a policy of reflecting these contributions in the campaign results in the statements of activities. These contributions are then deducted to reflect the amount of revenue recognized under accounting principles generally accepted in the United States of America.

Donated Materials, Equipment and Services

Donated materials and equipment are recorded at fair value at the date of donation.

A substantial number of volunteers donate significant amounts of their time to the United Way's programs and its annual fund raising campaign. However, there is no objective basis for measuring the number of volunteer hours provided during the year.

Board Designated Reserve

The operational reserve is intended to assure continued funding of budgeted allocations to United Way Funded Partners, the United Way's operations and to provide emergency needs for the community as directed by the board of directors.

Subsequent Events

Management has evaluated subsequent events through May 16, 2017, the date which the financial statements were available for issue.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Time and purpose restrictions		
Program restrictions	\$ 79,089	\$ 92,280
Net campaign pledges received for future periods	923,200	999,037
Legacy fund	30,576	-
Contributed rent	<u>48,486</u>	<u>64,484</u>
	<u>\$ 1,081,351</u>	<u>\$ 1,155,801</u>

**Cedar Valley United Way
Notes to Financial Statements**

NOTE 3 – OPERATING LEASES

The United Way leases office space and equipment under noncancellable operating leases and has sublease agreements with unrelated parties for portions of its leased office space. The subleases expire October 31, 2019.

The following is a schedule by years of future minimum lease payments required under noncancellable operating leases:

<u>Year ending December 31</u>	<u>Minimum Lease Commitments</u>	<u>Sublease Income</u>	<u>Net Lease Commitments</u>
2017	\$ 42,576	\$ (10,638)	\$ 31,938
2018	40,950	(10,660)	30,290
2019	34,485	(8,883)	25,602
2020	<u>90</u>	<u>-</u>	<u>90</u>
Totals	<u>\$ 118,101</u>	<u>\$ (30,181)</u>	<u>\$ 87,920</u>

Rent expense for all operating leases was \$61,113 and \$60,818 for the years ended December 31, 2016 and 2015, respectively, which included a donated amount of \$18,000 for each year.

NOTE 4 – PENSION PLAN

The United Way sponsors a defined contribution pension plan covering substantially all of its employees. The United Way's contribution is 9% of each covered employee's wages. For the years ended December 31, 2016 and 2015, the United Way charged against income \$26,217 and \$30,119, respectively, under this Plan.

NOTE 5 – AFFILIATED ORGANIZATIONS

Cedar Valley United Way Foundation (the Foundation) was organized in 1984 to augment the annual fundraising campaigns of the United Way. The income generated by the Foundation was used for the benefit and betterment of the United Way and its participating member agencies. In 1998, the Foundation was liquidated and its net assets were transferred to a designated agency endowment fund (the Fund) with the Community Foundation of Northeast Iowa. The Fund's income is distributed to the United Way on an annual basis. As of December 31, 2016 and 2015, there was \$287,732 and \$279,228, respectively, in the designated agency endowment fund. For the years ended December 31, 2016 and 2015, the Fund distributed \$11,708 and \$11,641, respectively, to the United Way.

The United Way paid annual dues of \$30,603 and \$28,207 for the years ended December 31, 2016 and 2015, respectively, to its national office.

**Cedar Valley United Way
Notes to Financial Statements**

NOTE 6 – CONTRIBUTED RENT

United Way has entered into a long-term lease agreement for office space, expiring October 2019. An in-kind donation has been recognized as the monthly rent amount of \$3,071 is below market rates. United Way has recorded an asset for the present value of the donated portion of the long-term lease. The rent value and discount to present value were determined based on estimates of the fair value of the space, its annual lease value, and a discount rate of 3.5%. Management believes the present value of the contributed rent and discount to present value are appropriate based on information currently known. However, circumstances impacting these estimates could occur which could significantly change these calculations.

	2016	2015
Contributed rent receivable	\$ 51,000	\$ 69,000
Less discount to present value	2,514	4,516
Net present value of contributed rent receivable	\$ 48,486	\$ 64,484

Contributed rent amounts due in:

2017	\$ 16,567
2018	17,156
2019	14,763
Total	\$ 48,486