

**Cedar Valley United Way**  
**Financial Statements**  
**December 31, 2018 and 2017**

**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, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cedar Valley United Way 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, Cedar Valley United Way adopted new accounting guidance Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities (Topic 958)*. Our opinion is not modified with respect to this matter.

Bergankdv, Ltd.

Waterloo, Iowa  
May 17, 2019

**Cedar Valley United Way**  
**Statements of Financial Position**  
**As of December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,022,508	\$ 574,582
Certificates of deposit	595,010	834,670
Pledges receivable		
Current year campaign (net of allowance for uncollectible pledges: 2018 \$62,677, 2017 \$117,825)	514,603	1,256,844
Prior year campaign (net of allowance for uncollectible pledges: 2018 \$213,394, 2017 \$152,606)	112,457	63,322
Prepays and other assets	25,471	33,315
Total current assets	<u>2,270,049</u>	<u>2,762,733</u>
Certificates of deposit	138,133	388,405
Legacy fund investments	107,299	113,857
Contributed rent	-	14,762
Furniture and equipment, less accumulated depreciation (2018 \$80,550, 2017 \$72,351)	14,096	18,460
Total assets	<u><u>\$ 2,529,577</u></u>	<u><u>\$ 3,298,217</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 17,352	\$ 23,519
Accrued expenses	21,875	33,948
Allocations payable	791,377	713,083
Donor designations payable	210,773	275,883
Total current liabilities	<u>1,041,377</u>	<u>1,046,433</u>
Net assets		
Without donor restrictions		
Invested in property and equipment	14,096	18,460
Designated by board for operating reserve	729,037	704,350
Community partner fund	11,527	10,000
Total without donor restrictions	<u>754,660</u>	<u>732,810</u>
With donor restrictions	733,540	1,518,974
Total net assets	<u>1,488,200</u>	<u>2,251,784</u>
Total liabilities and net assets	<u><u>\$ 2,529,577</u></u>	<u><u>\$ 3,298,217</u></u>

See notes to financial statements.

**Cedar Valley United Way  
Statement of Activities  
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Campaign revenues			
2017 campaign results (released from restrictions)	\$ 1,460,579	\$ (1,460,579)	\$ -
Less allowance for uncollectible pledges	(117,825)	117,825	-
Additional net campaign activity	805,557	-	805,557
Less donor designations	(194,621)	119,243	(75,378)
Net 2017 campaign revenues (released from restrictions)	<u>1,953,690</u>	<u>(1,223,511)</u>	<u>730,179</u>
2018 campaign results	292,282	705,104	997,386
Less allowance for uncollectible pledges	-	(62,677)	(62,677)
Less donor designations	-	(121,064)	(121,064)
Net 2018 campaign revenues	<u>292,282</u>	<u>521,363</u>	<u>813,645</u>
Net campaign revenues	<u>2,245,972</u>	<u>(702,148)</u>	<u>1,543,824</u>
Other revenue			
Service fees	8,404	-	8,404
In-kind contributions	56,365	-	56,365
Legacy fund contributions	-	1,235	1,235
Miscellaneous income	21,913	-	21,913
Gross special events revenue, less cost of direct benefit to donors (\$70,757)	252	27,120	27,372
Net assets released from restrictions satisfied by payments	103,848	(103,848)	-
Total other revenue	<u>190,782</u>	<u>(75,493)</u>	<u>115,289</u>
Total revenues, gains and other support	<u>2,436,754</u>	<u>(777,641)</u>	<u>1,659,113</u>
<b>Expenses</b>			
Program services			
Gross funds awarded/distributed	1,915,584	-	1,915,584
Less donor designations	(194,621)	-	(194,621)
Net funds award/distributed	<u>1,720,963</u>	<u>-</u>	<u>1,720,963</u>
Other program services	307,036	-	307,036
Total program services	<u>2,027,999</u>	<u>-</u>	<u>2,027,999</u>
Supporting services			
Fundraising	321,832	-	321,832
Management and general	115,274	-	115,274
Total supporting services	<u>437,106</u>	<u>-</u>	<u>437,106</u>
Total expenses	<u>2,465,105</u>	<u>-</u>	<u>2,465,105</u>
Operating deficit	<u>(28,351)</u>	<u>(777,641)</u>	<u>(805,992)</u>
<b>Non-Operating Items</b>			
Investment return, net	39,508	(7,793)	31,715
Rental income	10,693	-	10,693
Change in net assets	21,850	(785,434)	(763,584)
Net assets, beginning of year	<u>732,810</u>	<u>1,518,974</u>	<u>2,251,784</u>
Net assets, end of year	<u>\$ 754,660</u>	<u>\$ 733,540</u>	<u>\$ 1,488,200</u>

See notes to financial statements.

**Cedar Valley United Way  
Statement of Activities  
Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Campaign revenues			
2016 campaign results (released from restrictions)	\$ 1,040,360	\$ (1,040,360)	\$ -
Less allowance for uncollectible pledges	(95,388)	95,388	-
Additional net campaign activity	969,172	-	969,172
Less donor designations	(265,368)	113,108	(152,260)
Net 2016 campaign revenues (released from restrictions)	<u>1,648,776</u>	<u>(831,864)</u>	<u>816,912</u>
2017 campaign results	413,527	1,488,468	1,901,995
Less allowance for uncollectible pledges	-	(117,825)	(117,825)
Less donor designations	-	(119,243)	(119,243)
Net 2017 campaign revenues	<u>413,527</u>	<u>1,251,400</u>	<u>1,664,927</u>
Net campaign revenues	<u>2,062,303</u>	<u>419,536</u>	<u>2,481,839</u>
Other revenue			
Service fees	9,826	-	9,826
In-kind contributions	96,048	-	96,048
Legacy fund contributions	-	80,000	80,000
Miscellaneous income	48,786	-	48,786
Gross special events revenue, less cost of direct benefit to donors (\$57,748)	253	21,870	22,123
Net assets released from restrictions satisfied by payments	87,064	(87,064)	-
Total other revenue	<u>241,977</u>	<u>14,806</u>	<u>256,783</u>
Total revenues, gains and other support	<u>2,304,280</u>	<u>434,342</u>	<u>2,738,622</u>
<b>Expenses</b>			
Program services			
Gross funds awarded/distributed	1,752,584	-	1,752,584
Less donor designations	(265,368)	-	(265,368)
Net funds award/distributed	<u>1,487,216</u>	<u>-</u>	<u>1,487,216</u>
Other program services	346,017	-	346,017
Total program services	<u>1,833,233</u>	<u>-</u>	<u>1,833,233</u>
Supporting services			
Fundraising	366,982	-	366,982
Management and general	111,057	-	111,057
Total supporting services	<u>478,039</u>	<u>-</u>	<u>478,039</u>
Total expenses	<u>2,311,272</u>	<u>-</u>	<u>2,311,272</u>
Operating income (deficit)	<u>(6,992)</u>	<u>434,342</u>	<u>427,350</u>
<b>Non-Operating Items</b>			
Investment return, net	30,897	3,281	34,178
Rental income	9,960	-	9,960
Change in net assets	33,865	437,623	471,488
Net assets, beginning of year	<u>698,945</u>	<u>1,081,351</u>	<u>1,780,296</u>
Net assets, end of year	<u>\$ 732,810</u>	<u>\$ 1,518,974</u>	<u>\$ 2,251,784</u>

See notes to financial statements.

**Cedar Valley United Way  
Statement of Functional Expenses  
Year Ended December 31, 2018**

	Programs			Supporting Activities			Total Expenses
	Allocation Services	Other Program Services	Total Programs	Fundraising	Management and General	Total Supporting Activities	
Gross funds awarded/distributed	\$ 1,915,584	\$ -	\$ 1,915,584	\$ -	\$ -	\$ -	\$ 1,915,584
Less donor designations	(194,621)	-	(194,621)	-	-	-	(194,621)
Net funds awarded/distributed	<u>1,720,963</u>	<u>-</u>	<u>1,720,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,720,963</u>
Salaries	-	133,081	133,081	127,418	22,652	150,070	283,151
Employee benefits	-	36,588	36,588	35,031	6,228	41,259	77,847
Payroll taxes and insurance	-	11,050	11,050	10,580	1,881	12,461	23,511
Total salaries and related expenses	<u>-</u>	<u>180,719</u>	<u>180,719</u>	<u>173,029</u>	<u>30,761</u>	<u>203,790</u>	<u>384,509</u>
Professional fees	-	22,262	22,262	22,222	60,964	83,186	105,448
Advertising and promotion	-	1,669	1,669	8,094	284	8,378	10,047
Supplies	-	1,198	1,198	1,147	204	1,351	2,549
Telephone	-	3,659	3,659	3,504	623	4,127	7,786
Printing	-	4,192	4,192	7,836	631	8,467	12,659
Postage	-	1,560	1,560	1,645	266	1,911	3,471
In-kind expenses	-	8,460	8,460	108,964	7,440	116,404	124,864
Occupancy	-	21,569	21,569	20,651	3,671	24,322	45,891
Auto allowance	-	2,227	2,227	2,132	379	2,511	4,738
Conferences	-	1,795	1,795	1,753	306	2,059	3,854
National dues	-	12,580	12,580	12,044	2,141	14,185	26,765
Depreciation	-	3,854	3,854	3,690	656	4,346	8,200
Liability insurance	-	1,154	1,154	1,105	196	1,301	2,455
Maintenance of equipment	-	10,664	10,664	5,577	991	6,568	17,232
Membership dues	-	2,259	2,259	2,163	384	2,547	4,806
Bank fees	-	-	-	-	3,304	3,304	3,304
Miscellaneous	-	20,140	20,140	619	2,073	2,692	22,832
Special events expense	-	-	-	16,414	-	16,414	16,414
Community Partner Fund	-	7,075	7,075	-	-	-	7,075
Total expenses by function	<u>1,720,963</u>	<u>307,036</u>	<u>2,027,999</u>	<u>392,589</u>	<u>115,274</u>	<u>507,863</u>	<u>2,535,862</u>
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,757)</u>	<u>-</u>	<u>(70,757)</u>	<u>(70,757)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 1,720,963</u>	<u>\$ 307,036</u>	<u>\$ 2,027,999</u>	<u>\$ 321,832</u>	<u>\$ 115,274</u>	<u>\$ 437,106</u>	<u>\$ 2,465,105</u>

See notes to financial statements.



**Cedar Valley United Way  
Statement of Functional Expenses  
Year Ended December 31, 2017**

	Programs			Supporting Activities			Total Expenses
	Allocation Services	Other Program Services	Total Programs	Fundraising	Management and General	Total Supporting Activities	
Gross funds awarded/distributed	\$ 1,752,584	\$ -	\$ 1,752,584	\$ -	\$ -	\$ -	\$ 1,752,584
Less donor designations	(265,368)	-	(265,368)	-	-	-	(265,368)
Net funds awarded/distributed	<u>1,487,216</u>	<u>-</u>	<u>1,487,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,487,216</u>
Salaries	-	150,004	150,004	143,621	25,533	169,154	319,158
Employee benefits	-	46,275	46,275	44,306	7,877	52,183	98,458
Payroll taxes and insurance	-	11,585	11,585	11,092	1,972	13,064	24,649
Total salaries and related expenses	<u>-</u>	<u>207,864</u>	<u>207,864</u>	<u>199,019</u>	<u>35,382</u>	<u>234,401</u>	<u>442,265</u>
Professional fees	-	24,580	24,580	24,567	54,563	79,130	103,710
Advertising and promotion	-	2,173	2,173	2,868	370	3,238	5,411
Supplies	-	546	546	523	93	616	1,162
Telephone	-	3,125	3,125	2,992	532	3,524	6,649
Printing	-	8,576	8,576	8,211	1,460	9,671	18,247
Postage	-	3,365	3,365	3,263	517	3,780	7,145
In-kind expenses	-	28,414	28,414	112,101	6,472	118,573	146,987
Occupancy	-	19,545	19,545	18,714	3,327	22,041	41,586
Auto allowance	-	2,410	2,410	2,307	410	2,717	5,127
Conferences	-	2,009	2,009	1,923	342	2,265	4,274
National dues	-	13,209	13,209	12,647	2,248	14,895	28,104
Depreciation	-	2,692	2,692	2,577	459	3,036	5,728
Liability insurance	-	1,154	1,154	1,105	196	1,301	2,455
Maintenance of equipment	-	6,433	6,433	5,892	1,048	6,940	13,373
Membership dues	-	2,246	2,246	2,151	382	2,533	4,779
Bank fees	-	-	-	-	3,165	3,165	3,165
Miscellaneous	-	12,816	12,816	494	91	585	13,401
Special events expense	-	-	-	23,376	-	23,376	23,376
Community Partner Fund	-	4,860	4,860	-	-	-	4,860
Total expenses by function	<u>1,487,216</u>	<u>346,017</u>	<u>1,833,233</u>	<u>424,730</u>	<u>111,057</u>	<u>535,787</u>	<u>2,369,020</u>
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,748)</u>	<u>-</u>	<u>(57,748)</u>	<u>(57,748)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 1,487,216</u>	<u>\$ 346,017</u>	<u>\$ 1,833,233</u>	<u>\$ 366,982</u>	<u>\$ 111,057</u>	<u>\$ 478,039</u>	<u>\$ 2,311,272</u>

See notes to financial statements.

**Cedar Valley United Way**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	2018	2017
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ (763,584)	\$ 471,488
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	8,199	5,728
Contributed rent	14,156	16,568
Net unrealized (gain) loss on investments	7,793	(3,281)
Changes in operating assets and liabilities		
Pledges receivable	693,106	(192,440)
Prepaid expenses	8,450	1,401
Accounts payable	(6,167)	5,780
Accrued expenses	(12,073)	(330)
Allocations payable	78,294	(83,815)
Donor designations payable	(65,110)	42,149
Total adjustments	726,648	(208,240)
Net cash flows - operating activities	(36,936)	263,248
 <b>Cash Flows - Investing Activities</b>		
Purchases of equipment	(3,835)	(8,188)
Purchases of investments	(1,235)	(80,000)
Purchases of certificates of deposit	(332,292)	(24,232)
Proceeds from redemption of certificates of deposit	822,224	-
Net cash flows - investing activities	484,862	(112,420)
 Net change in cash and cash equivalents	447,926	150,828
 <b>Cash and Cash Equivalents</b>		
Beginning of year	574,582	423,754
End of year	\$ 1,022,508	\$ 574,582

**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.

**Net Assets**

Net assets, revenues, gains, and other support are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets With Donor Restrictions* – Net assets subject to donor 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**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 accrued interest, which approximates market, and have an original maturity of three months or less.

**Certificates of Deposit**

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)**

**Investments**

The United Way carries its investments at fair value. See Note 8 for additional discussion of fair value measurements.

**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, and certificates of deposit. The United Way places its cash, cash equivalents, and certificates of deposit with high credit quality financial institutions. The United Way's cash, cash equivalents and certain certificates of deposit 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.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Substantially all expenses are allocated on the basis of estimates of time and effort.

**Revenue Recognition**

Contributions are recognized when cash, securities or other assets and unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**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 statement 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.

**Intermediate Measure of Operations**

The United Way has presented the statement of activities based on an intermediate measure of operations. The operating income (deficit) in the statement of activities includes all revenues and expenses that are an integral part of the United Way's programs and supporting activities, and net assets released from restrictions to support operating expenditures.

**Recently Adopted Accounting Pronouncement**

The United Way adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities (Topic 958)*, in its 2018 financial statements. This guidance reduces the net asset classification from three to two: net assets with and without donor restrictions; expands disclosures about liquidity; and requires expenses to be reported by their function and natural classification. The ASU has been adopted retrospectively except for liquidity, which can be reported in the current period only. The adoption of this guidance did not have a material impact on the United Way's financial statements.

**Recently Issued Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update requires capitalization of "right-of-use assets" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. This update is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The United Way is currently evaluating the impact this standard will have on its financial statements.

**Subsequent Events**

Management has evaluated subsequent events through May 17, 2019, the date which the financial statements were available for issue.

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

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2018:

Cash and cash equivalents	\$ 1,022,508
Certificates of deposit, short-term	595,010
Pledge receivables, net	<u>627,060</u>
Total financial assets available within one year	2,244,578
Less: restricted by donors with time and purpose restrictions	<u>488,108</u>
	<u><u>\$ 1,756,470</u></u>

The United Way's governing board has designated a portion of its unrestricted resources for operating reserves. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

As part of United Way's liquidity management plan, the United Way invests cash in excess of daily requirements in certificates of deposits. Annually, the Board designates a portion of the current campaign to its operating reserve, which was \$729,037 as of December 31, 2018.

**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 noncancelable operating leases:

<u>Year Ending December 31</u>	<u>Minimum Lease Commitments</u>	<u>Sublease Income</u>	<u>Net Lease Commitments</u>
2019	\$ 34,485	\$ (8,883)	\$ 25,602
2020	<u>90</u>	<u>-</u>	<u>90</u>
Totals	<u><u>\$ 34,575</u></u>	<u><u>\$ (8,883)</u></u>	<u><u>\$ 25,692</u></u>

Rent expense for all operating leases was \$63,037 and \$59,008 for the years ended December 31, 2018 and 2017, respectively, which included a donated amount of \$18,000 for each year.

**Cedar Valley United Way  
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**NOTE 4 – CONTRIBUTED RENT**

United Way has 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.

	2018	2017
Contributed rent receivable	\$ 15,000	\$ 33,000
Less discount to present value	238	1,082
Net present value of contributed rent receivable	\$ 14,762	\$ 31,918

**NOTE 5 – 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, 2018 and 2017, the United Way charged against income \$24,362 and \$23,220, respectively, under this Plan.

**NOTE 6 – 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, 2018 and 2017, there was \$295,855 and \$321,894, respectively, in the designated agency endowment fund. For the years ended December 31, 2018 and 2017, the Fund distributed \$11,621 and \$11,589, respectively, to the United Way.

The United Way paid annual dues of \$26,765 and \$28,104 for the years ended December 31, 2018 and 2017, respectively, to its national office.

**Cedar Valley United Way  
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**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Time and purpose restrictions		
Program restrictions	\$ 99,620	\$ 89,850
Net campaign pledges received for future periods	511,859	1,283,349
Legacy fund	107,299	113,857
Contributed rent	<u>14,762</u>	<u>31,918</u>
	<u>\$ 733,540</u>	<u>\$ 1,518,974</u>

**NOTE 8 – FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: inputs are unobservable inputs based on the Organization's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.



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**NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables set forth by level within the fair value hierarchy of the Organization's financial assets measured at fair value on a recurring basis is as of December 31, 2018 and 2017, and indicates the fair value hierarchy of the valuation techniques utilized by the Organization to determine such fair value.

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>December 31, 2018</u></b>			
Money market fund	\$ 9,945	\$ -	\$ -
Mutual funds	97,354	-	-
Total	<u>\$ 107,299</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>December 31, 2017</u></b>			
Money market fund	\$ 55,278	\$ -	\$ -
Mutual fund	58,579	-	-
Total	<u>\$ 113,857</u>	<u>\$ -</u>	<u>\$ -</u>

The money market fund and mutual funds are valued at the net asset value, based on quoted market prices in active markets, of shares held by the United Way at year end.

**NOTE 9 – RECLASSIFICATIONS**

Certain reclassifications have been made to the 2017 financial statements, as previously reported, in order to conform them to the current year's presentation.