

ALLEGAN COUNTY UNITED WAY
AUDIT REPORT
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

Tibbitts & Associates, PLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Allegan County United Way
Allegan, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Allegan County United Way (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and change in net assets, functional expense, 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 misstatement, whether due to fraud or error.

Auditor's 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 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 principles 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 Allegan County United Way as of June 30, 2018, and the statement of activities, and changes in its net assets, functional expense, and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Allegan County United Way's June 30, 2017, financial statements and, our report dated September 7, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tibbitts & Associates PLC

TIBBITTS & ASSOCIATES, PLC

September 10, 2018

**ALLEGAN COUNTY UNITED WAY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals For 2017)**

	Unrestricted	Temporarily Restricted	Total 2018	Total 2017
ASSETS				
ASSETS				
Cash and Cash Equivalents	\$ 609,261	7,250	616,511	726,985
Accounts Receivable				2,220
Pledges Receivable	32,175	243,029	275,204	290,102
(Less Allowance for Uncollectible)	(32,068)	(26,858)	(58,926)	(50,561)
Designations Receivable	107,116		107,116	214,777
(Less Allowance for Uncollectible)	(25,887)		(25,887)	(41,654)
Prepaid Expenses	10,728		10,728	12,192
Land, Building, and Equipment, Net of Depreciation	218,523		218,523	225,252
Other Asset, Net of Amortization				4,397
Beneficial Interest in Assets Held by ACCF	86,160		86,160	80,300
TOTAL ASSETS	\$ 1,006,008	223,421	1,229,429	1,464,010
LIABILITIES AND NET ASSETS				
LIABILITIES				
Allocations Payable	\$ 150,000		150,000	177,844
Designations Payable - net	130,728		130,728	270,950
Operating Payables	1,112		1,112	3,072
Accrued Expenses	5,322		5,322	6,842
TOTAL LIABILITIES	\$ 287,162		287,162	458,708
NET ASSETS				
Unrestricted	\$ 718,846		718,846	766,111
Temporarily Restricted		223,421	223,421	239,191
TOTAL NET ASSETS	\$ 718,846	223,421	942,267	1,005,302
TOTAL LIABILITIES & NET ASSETS	\$ 1,006,008	223,421	1,229,429	1,464,010

See accompanying notes

**ALLEGAN COUNTY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals For 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
PUBLIC SUPPORT & REVENUE				
Gross Campaign Results (prior campaigns)	\$ 21,334		21,334	17,312
Change in Provision for Uncollectible	58		58	1,630
Net Campaign Revenue (prior campaigns)	<u>\$ 21,392</u>		<u>21,392</u>	<u>18,942</u>
Gross Campaign Results (2017/2018)	\$	530,286	530,286	736,458
(Less Donor Designations)		(174,672)	(174,672)	(339,283)
(Less Provision for Uncollectible)		<u>(26,858)</u>	<u>(26,858)</u>	<u>(30,992)</u>
Net Campaign Revenue (2017/2018)	<u>\$</u>	<u>328,756</u>	<u>328,756</u>	<u>366,183</u>
Special Events				14,029
Designations from Other United Ways		86,438	86,438	64,658
Service Fees	26,351		26,351	39,001
Grants		22,380	22,380	16,250
Interest	1,130		1,130	1,346
Endowment Gain (Loss)	5,860		5,860	9,667
Miscellaneous Income	2,347		2,347	263
In-Kind Revenue	7,691		7,691	15,518
Net Assets Released from Restrictions	<u>453,344</u>	<u>(453,344)</u>		
TOTAL REVENUE	<u>\$ 518,115</u>	<u>(15,770)</u>	<u>502,345</u>	<u>545,857</u>
EXPENSES				
Program Services				
Gross Funds Awarded/Distributed	\$ 299,520		299,520	454,097
(Less Donor Designations)	<u>(149,520)</u>		<u>(149,520)</u>	<u>(276,253)</u>
Net Funds Awarded/Distributed	<u>\$ 150,000</u>		<u>150,000</u>	<u>177,844</u>
Program Expenses	239,293		239,293	249,065
Support Services	168,173		168,173	156,349
United Way Worldwide	<u>7,914</u>		<u>7,914</u>	<u>9,176</u>
TOTAL EXPENSES	<u>\$ 565,380</u>		<u>565,380</u>	<u>592,434</u>
CHANGE IN NET ASSETS	<u>\$ (47,265)</u>	<u>(15,770)</u>	<u>(63,035)</u>	<u>(46,577)</u>
NET ASSETS - Beginning of year	<u>766,111</u>	<u>239,191</u>	<u>1,005,302</u>	<u>1,051,879</u>
NET ASSETS - End of year	<u>\$ 718,846</u>	<u>223,421</u>	<u>942,267</u>	<u>1,005,302</u>

See accompanying notes

**ALLEGAN COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals For 2017)**

EXPENSES	PROGRAM SERVICES				TOTAL PROGRAM SERVICES
	Community Impact	Imagination Library	Volunteers	Other Programs	
Salaries	\$ 27,281		21,008		48,289
Payroll Taxes	2,893		2,756		5,649
Employee Benefits	1,041		748		1,789
Total Compensation	<u>\$ 31,215</u>		<u>24,512</u>		<u>55,727</u>
Contract Services	29,722		22,292		52,014
Campaign Expenses					
Meetings	487		23		510
Conference/Staff Development	1,381				1,381
Supplies	228				228
Postage & Shipping	47	1,208	16	8	1,279
Telephone & Networks	791	308	484	264	1,847
Occupancy	2,525	832	1,679	839	5,875
Printing & Publications	451	105	210	105	871
Professional Fees					
Travel/Mileage	2,689	17	2,217	275	5,198
Insurance	1,801	652	1,227	659	4,339
Miscellaneous	265	66	93	66	490
Subscriptions & Dues	254	85	182	84	605
Equipment/Technology support	3,594	825	3,315	1,725	9,459
Endowment Expenses					
In-Kind Public Ser. Announcements					
Marketing/Advertising	6,198				6,198
Loss on Asset Disposal					
In-Kind Special Events					
Special Events			1,540	1,165	2,705
Program/Community Outreach	<u>14,500</u>	<u>69,516</u>			<u>84,016</u>
TOTAL EXPENSES BEFORE DEPRECIATION	<u>\$ 96,148</u>	<u>73,614</u>	<u>57,790</u>	<u>5,190</u>	<u>232,742</u>
Depreciation/Amortization Expense	<u>2,808</u>	<u>936</u>	<u>1,871</u>	<u>936</u>	<u>6,551</u>
TOTAL EXPENSES	<u><u>\$ 98,956</u></u>	<u><u>74,550</u></u>	<u><u>59,661</u></u>	<u><u>6,126</u></u>	<u><u>239,293</u></u>

See accompanying notes

**ALLEGAN COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals For 2017)**

EXPENSES	<u>SUPPORT SERVICES</u>			TOTAL 2018	TOTAL 2017
	<u>Administration</u>	<u>Fundraising</u>	<u>TOTAL SUPPORT SERVICES</u>		
Salaries	\$ 4,800	16,532	21,332	69,621	105,408
Payroll Taxes	1,125	1,662	2,787	8,436	12,257
Employee Benefits	270	324	594	2,383	1,807
Total Compensation	<u>\$ 6,195</u>	<u>18,518</u>	<u>24,713</u>	<u>80,440</u>	<u>119,472</u>
Contract Service	74,306	22,292	96,598	148,612	77,813
Campaign Expenses		1,954	1,954	1,954	
Meetings	486	164	650	1,160	
Conference/Staff Development	569		569	1,950	
Supplies	448	6	454	682	13,601
Postage & Shipping	1,247	16	1,263	2,542	1,707
Telephone & Networks	551	527	1,078	2,925	2,607
Occupancy	943	1,679	2,622	8,497	9,790
Printing & Publications	869	2,327	3,196	4,067	
Professional Fees	7,550		7,550	7,550	8,265
Travel/Mileage	146	822	968	6,166	5,367
Insurance	608	1,287	1,895	6,234	6,978
Miscellaneous	4,184	46	4,230	4,720	5,208
Subscriptions & Dues	4,238	519	4,757	5,362	6,510
Equipment/Technology Support	3,147	2,194	5,341	14,800	22,116
Endowment Expenses					1,486
In-Kind Public Service Announcements					9,230
Marketing/Advertising	2,213	917	3,130	9,328	5,701
Loss on Asset Disposal	3,518		3,518	3,518	
In-Kind Special Events					6,288
Special Events				2,705	2,409
Program/Community Outreach				<u>84,016</u>	<u>89,092</u>
TOTAL EXPENSES BEFORE DEPRECIATION	<u>\$ 111,218</u>	<u>53,268</u>	<u>164,486</u>	<u>397,228</u>	<u>393,640</u>
Depreciation/Amortization Expense	<u>1,815</u>	<u>1,872</u>	<u>3,687</u>	<u>10,238</u>	<u>11,774</u>
TOTAL EXPENSES	<u>\$ 113,033</u>	<u>55,140</u>	<u>168,173</u>	<u>407,466</u>	<u>405,414</u>

See accompanying notes

**ALLEGAN COUNTY UNITED WAY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals For 2017)**

	<u>Total 2018</u>	<u>Total 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (63,035)	(46,577)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation/Amortization expense	10,238	11,774
Endowment gain	(5,860)	(9,667)
Loss on disposal of fixed asset	3,518	
Change in Assets and Liabilities:		
Pledges receivable	23,263	(13,698)
Designations receivable	91,894	48,226
Grants and accounts receivable	2,220	(2,220)
Prepaid expenses	1,464	36,861
Allocations and designations payable	(168,066)	47,489
Accounts payable and accrued expenses	<u>(3,480)</u>	<u>(1,596)</u>
Net cash provided (used) by operating activities	\$ <u>(107,844)</u>	<u>70,592</u>
CASH FLOWS FROM INVESTING:		
Beneficial interest in assets at ACCF	\$	1,486
Property and equipment purchases, net of disposals	<u>(2,630)</u>	
Net cash provided (used) by investing activities	\$ <u>(2,630)</u>	<u>1,486</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (110,474)	72,078
CASH AND CASH EQUIVALENTS - Beginning of year	<u>726,985</u>	<u>654,907</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 616,511</u>	<u>726,985</u>

See accompanying notes

**ALLEGAN COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Allegan County United Way, Allegan, Michigan, was formed in 1989. The Organization's mission is to improve the lives of its residents by mobilizing the caring power of the community. They also operate a Volunteer Center that works to further the mission of the Allegan County United Way by connecting and supporting volunteers and the groups that utilize them for the betterment of the community. Other programs include Dolly Parton's Imagination Library and Volunteer Income Tax Assistance (VITA).

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

Fixed assets are recorded at cost less accumulated depreciation, which is computed by the straight-line method over the useful life of the asset.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision has been made for income taxes.

The Organization follows net asset accounting methods whereby revenues are classified for accounting and reporting purposes into one of the three net asset classes as follows:

- Unrestricted net assets – net assets which are not subject to donor-imposed restrictions.
- Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Noncash, in-kind donations are recorded as contributions at their estimated fair values at the date of donation.

The Organization receives donated services from unpaid volunteers and board members who assist Allegan County United Way with their mission. No amounts have been recognized in the accompanying statement of activities because the required criteria for recognition of such volunteer effort have not been satisfied.

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.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered all highly liquid investments with an initial maturity of three months or less.

The provision for uncollectible is computed based upon historical estimates applied to the campaign pledges, including donor designations. For the year ended June 30, 2018, this provision was \$84,813.

**ALLEGAN COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

CONCENTRATION OF CREDIT RISK

The Allegan County United Way is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Allegan County United Way to concentrations of credit risk consist principally of cash investments, pledges, and designations receivable.

The Allegan County United Way maintains its cash accounts at a local financial institution. Although such cash balances may have exceeded the federally insured limits at certain times during the year they are, in the opinion of management, subject to minimal risk. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. Amounts in excess of insured limits were \$269,729 at June 30, 2018.

With respect to campaign pledges, approximately 34% of Allegan County United Way's gross campaign contributions are from a local, publicly traded company, and another 34% from the employees of the same company.

RETIREMENT PLAN

The Allegan County United Way sponsors a Savings Incentive Match Plan for Employees (SIMPLE IRA) covering all full-time employees. Under the plan, the Allegan County United Way will match employees' contributions up to 3% of their salary. Employer contributions amounted to \$1,910 for the year ended June 30, 2018.

The Organization also maintains a flexible benefit plan available to all employees.

OPERATING LEASES

Allegan County United Way leases a copier, phone system, and postage meter. Total lease payments were \$6,979 for the year ended June 30, 2018. Future minimum lease payments are as follows:

2019	\$ 5,880
2020	3,927
2021	2,262
2022	<u>1,072</u>
Total minimum lease payments	<u>\$13,141</u>

**ALLEGAN COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of 17/18 pledges receivable of \$216,171 and \$7,250 from a grant for the 211 program.

Pledges receivable are considered temporarily restricted because there is an implied time restriction on these pledges because the donor's promise to give is scheduled to be received in future time periods.

LAND, BUILDING, AND EQUIPMENT

Property and equipment at June 30, 2018, consist of the following:

Office furniture and equipment	\$ 25,049
Building and land	<u>313,546</u>
	\$338,595
Less accumulated depreciation	<u>(120,072)</u>
Net Land, Building, and Equipment	<u>\$218,523</u>

Depreciation expense was \$9,359. Depreciation is computed by the straight-line method over the useful life of the asset.

OTHER ASSET

Other asset was software purchased for \$8,795 being amortized over a five year period which was disposed of. Amortization expense was \$879 and loss on disposal was \$3,518 for the year ending June 30, 2018.

FUNCTIONAL EXPENSE ALLOCATION

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

CONTRACTUAL AGREEMENTS

Allegan County United Way entered into a Shared Services Agreement with Greater Ottawa County United Way for a three year term beginning January 1, 2017, through December 31, 2019. Under the agreement, Greater Ottawa County United Way provides leadership and administrative services for Allegan County United Way. For the year ending June 30, 2018, \$148,612 was paid under the agreement. Future payments in accordance with the contract are as follows:

2019	\$157,024
2020	<u>78,512</u>
Total	<u>\$235,536</u>

The agreement may be renewed 60 days prior to December 31, 2019. It may also be terminated at any time, by either party, with 90 days written notice.

**ALLEGAN COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

CONTRACTUAL AGREEMENTS (Continued)

Allegan County United Way entered into a contractual agreement with Gryphon Place to provide 211 services. In accordance with the contract, \$14,500 was paid for the year ending June 30, 2018, and \$14,500 will be paid for the year ending June 30, 2019.

EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through September 10, 2018, which is the date the financial statements were available to be issued.

BENEFICIAL INTEREST IN ASSETS HELD BY ALLEGAN COUNTY COMMUNITY FOUNDATION

When a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the NPO must account for the transfer of such assets as a beneficial interest in funds held by the community foundation. The community foundation refers to such funds as agency fund endowments.

The community foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the community foundation. However, the NPO also records the agency funds as an asset at the fair value of the fund, which is generally equivalent to the present value of future payments expected to be received by the NPO. At June 30, 2018, the agency fund endowments held at the Allegan County Community Foundation were \$86,160.

Contributions by third parties have also been made to the Allegan County Community Foundation. These amounts are not shown as agency fund endowments. The totals of these funds were \$56,393 at June 30, 2018.