

**UNITED WAY OF SUMMIT COUNTY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2018 AND 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Summit County  
Akron, Ohio

We have audited the accompanying financial statements of United Way of Summit County which comprise the statements of financial position as of March 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.

### ***Auditors' 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 auditors' 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.

Board of Directors  
United Way of Summit County

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Summit County as of March 31, 2018 and 2017, and the results of its operations, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Akron, Ohio  
June 19, 2018

**UNITED WAY OF SUMMIT COUNTY  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2018 AND 2017**

<b>ASSETS</b>	2018	2017
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents:		
Cash in Checking	\$ 1,984,210	\$ 2,050,553
Cash Equivalent Investments	352,141	876,011
Total Cash and Cash Equivalents	2,336,351	2,926,564
Pledges Receivable:		
2018 Campaign, Less Allowance for Uncollectibles of \$0 in 2018	475,734	-
2017 Campaign, Less Allowance for Uncollectibles of \$223,725 in 2018 and \$0 in 2017	3,504,963	-
2016 Campaign, Less Allowance for Uncollectibles of \$71,600 in 2018 and \$322,940 in 2017	52,488	5,039,930
2015 Campaign, Less Allowance for Uncollectibles of \$324,751 in 2017	-	138,000
Total Pledges Receivable	4,033,185	5,177,930
Grant Receivable	16,363	243,487
Other Assets	66,189	42,802
Total Current Assets	6,452,088	8,390,783
<b>NONCURRENT ASSETS</b>		
Investments	4,729,274	4,487,911
Investments Held as Endowment Funds	1,544,274	1,467,745
Split-Interest Agreement	598,321	603,040
Total Noncurrent Assets	6,871,869	6,558,696
<b>LAND, BUILDING, AND EQUIPMENT</b>		
Land and Land Improvements	249,311	111,862
Building and Building Improvements	1,141,119	978,853
Furniture and Fixtures	621,238	577,066
Construction-in-Process	37,580	-
Total	2,049,248	1,667,781
Less: Accumulated Depreciation	1,117,335	1,064,968
Total Land, Building, and Equipment	931,913	602,813
Total Noncurrent Assets	7,803,782	7,161,509
Total Assets	\$ 14,255,870	\$ 15,552,292

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
MARCH 31, 2018 AND 2017**

	2018	2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 53,267	\$ 134,764
Accrued Expenses	170,878	178,709
Fiscal Sponsor Funds Held	10,158	243,305
Donor Designations Payable	897,587	2,831,973
Total Current Liabilities	1,131,890	3,388,751
<b>NONCURRENT LIABILITIES</b>		
Postretirement Benefits	94,425	96,424
<b>NET ASSETS</b>		
Unrestricted:		
Other Unrestricted Net Assets	3,987,351	2,216,281
Board Restricted Funds	3,746,029	3,598,598
Board Discretionary Funds	1,355,386	3,137,426
Land, Building, and Equipment	931,913	602,813
Total Unrestricted	10,020,679	9,555,118
Temporarily Restricted:		
For Future Distribution	746,332	94,648
Other Restricted Assets	58,364	261,522
Investments Held by Akron Community Foundation	1,063,143	1,010,073
Total Temporarily Restricted	1,867,839	1,366,243
Permanently Restricted:		
Split-Interest Agreement	598,321	603,040
For John S. Knight Breakfast	20,000	20,000
Investments Held by Akron Community Foundation	400,181	400,181
Other Restricted Assets	122,535	122,535
Total Permanently Restricted	1,141,037	1,145,756
Total Net Assets	13,029,555	12,067,117
Total Liabilities and Net Assets	\$ 14,255,870	\$ 15,552,292

**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross Pledges Processed	\$ 759,340	\$ 9,703,414	\$ -	\$ 10,462,754
Less: Designations Paid Direct	(66,879)	(881,205)	-	(948,084)
Less: Nonlocal Pledges	(165,219)	(219,177)	-	(384,396)
Total Gross Campaign Results	<u>527,242</u>	<u>8,603,032</u>	-	<u>9,130,274</u>
Less: Local Donor Designations for Specific Agencies and Other United Ways	222,793	(1,500,808)	-	(1,278,015)
Total Contributions	<u>750,035</u>	<u>7,102,224</u>	-	<u>7,852,259</u>
Contributions Received in Prior Year, Released from Restriction	6,690,340	(6,690,340)	-	-
Allowance for Uncollectible Pledges Current Campaign Year	(169,626)	-	-	(169,626)
Grant Revenue	108,165	16,363	-	124,528
In-Kind Contribution Revenue	235,000	-	-	235,000
Fee Revenue	89,201	-	-	89,201
Program Revenue	8,081	-	-	8,081
Internal Allocation Revenue	95,000	-	-	95,000
Net Campaign Revenue	<u>7,806,196</u>	<u>428,247</u>	-	<u>8,234,443</u>
Other Income	31,312	-	-	31,312
Investment Income	125,858	33,884	-	159,742
Total Public Support and Revenue	<u>7,963,366</u>	<u>462,131</u>	-	<u>8,425,497</u>
<b>ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES</b>				
Community Funding:				
Agency Allocations	2,926,566	-	-	2,926,566
Other Community Grants	36,852	-	-	36,852
Total Community Funding	<u>2,963,418</u>	-	-	<u>2,963,418</u>
Functional Expenses:				
Program Services:				
Community Investment	687,749	-	-	687,749
Internal Programs	1,620,935	-	-	1,620,935
Total Program Services	<u>2,308,684</u>	-	-	<u>2,308,684</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED MARCH 31, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES (CONTINUED)</b>				
Support Services:				
Management and General	\$ 1,191,159	\$ -	\$ -	\$ 1,191,159
Marketing and Advertising	555,662	-	-	555,662
Resource Development	618,458	-	-	618,458
Total Support Services	<u>2,365,279</u>	<u>-</u>	<u>-</u>	<u>2,365,279</u>
 Total Functional Expenses	 <u>4,673,963</u>	 <u>-</u>	 <u>-</u>	 <u>4,673,963</u>
 Total Allocations, Participation, and Other Expenses	 <u>7,637,381</u>	 <u>-</u>	 <u>-</u>	 <u>7,637,381</u>
 <b>SPLIT-INTEREST AGREEMENT CHANGE IN FAIR VALUE</b>	 -	 -	 (4,719)	 (4,719)
 <b>NET UNREALIZED AND REALIZED GAINS ON INVESTMENTS</b>	 <u>139,576</u>	 <u>39,465</u>	 <u>-</u>	 <u>179,041</u>
 <b>CHANGE IN NET ASSETS</b>	 465,561	 501,596	 (4,719)	 962,438
Net Assets - Beginning of Year	<u>9,555,118</u>	<u>1,366,243</u>	<u>1,145,756</u>	<u>12,067,117</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 10,020,679</u>	 <u>\$ 1,867,839</u>	 <u>\$ 1,141,037</u>	 <u>\$ 13,029,555</u>

See accompanying Notes to Financial Statements.



**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross Pledges Processed	\$ 880,331	\$ 11,351,803	\$ -	\$ 12,232,134
Less: Designations Paid Direct	(277,056)	(547,777)	-	(824,833)
Less: Nonlocal Pledges	(1,053)	(1,346,055)	-	(1,347,108)
Total Gross Campaign Results	602,222	9,457,971	-	10,060,193
Less: Local Donor Designations for Specific Agencies and Other United Ways	(274,148)	(3,104,329)	-	(3,378,477)
Total Contributions	328,074	6,353,642	-	6,681,716
Contributions Received in Prior Year, Released from Restriction	6,569,206	(6,569,206)	-	-
Allowance for Uncollectible Pledges Current Campaign Year	(351,529)	-	-	(351,529)
Grant Revenue	330,715	224,032	-	554,747
Program Revenue	326,955	-	-	326,955
Internal Allocation Revenue	182,000	-	-	182,000
Net Campaign Revenue	7,385,421	8,468	-	7,393,889
Other Income	52,616	-	-	52,616
Investment Income	64,477	27,456	-	91,933
Total Public Support and Revenue	7,502,514	35,924	-	7,538,438
<b>ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES</b>				
Community Funding:				
Agency Allocations	3,063,645	-	-	3,063,645
Red Cross Participation	1,050,000	-	-	1,050,000
Other Community Grants	53,700	-	-	53,700
Total Community Funding	4,167,345	-	-	4,167,345
Functional Expenses:				
Program Services:				
Community Investment	753,592	-	-	753,592
Internal Programs	937,133	-	-	937,133
Total Program Services	1,690,725	-	-	1,690,725

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED MARCH 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES (CONTINUED)</b>				
Support Services:				
Management and General	\$ 960,635	\$ -	\$ -	\$ 960,635
Marketing and Advertising	595,959	-	-	595,959
Resource Development	1,034,974	-	-	1,034,974
Total Support Services	<u>2,591,568</u>	<u>-</u>	<u>-</u>	<u>2,591,568</u>
 Total Functional Expenses	<u>4,282,293</u>	<u>-</u>	<u>-</u>	<u>4,282,293</u>
 Total Allocations, Participation, and Other Expenses	8,449,638	-	-	8,449,638
 <b>SPLIT-INTEREST AGREEMENT CHANGE IN FAIR VALUE</b>	-	-	15,661	15,661
 <b>NET UNREALIZED AND REALIZED GAINS ON INVESTMENTS</b>	<u>262,608</u>	<u>44,841</u>	<u>-</u>	<u>307,449</u>
 <b>CHANGE IN NET ASSETS</b>	(684,516)	80,765	15,661	(588,090)
 Net Assets - Beginning of Year	<u>10,239,634</u>	<u>1,285,478</u>	<u>1,130,095</u>	<u>12,655,207</u>
 <b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,555,118</u>	<u>\$ 1,366,243</u>	<u>\$ 1,145,756</u>	<u>\$ 12,067,117</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2018**

	Program Services		Support Services			Total
	Community Investment	Internal Programs	Management and General	Marketing and Advertising	Resource Development	
Salaries	\$ 386,372	\$ 556,131	\$ 669,184	\$ 207,883	\$ 347,445	\$ 2,167,015
Employee Health and Retirement Benefits	111,706	160,786	193,472	60,102	100,452	626,518
Payroll Taxes	28,650	41,238	49,621	15,415	25,764	160,688
Total Salaries and Related Expenses	526,728	758,155	912,277	283,400	473,661	2,954,221
Professional Fees and Contract Services	17,166	24,708	29,730	9,236	15,436	96,276
Financial Service Fees	8,532	12,281	14,778	4,591	7,673	47,855
Supplies	14,811	21,318	25,652	7,969	13,319	83,069
Occupancy and Insurance	30,133	43,372	52,189	16,213	27,097	169,004
Postage and Shipping	19,352	27,854	33,517	10,412	17,402	108,537
Marketing and Advertising	-	-	-	185,627	-	185,627
Training	12,101	17,177	20,958	6,511	10,881	67,628
Travel, Meetings, Meals, and Memberships	13,950	63,837	24,161	7,506	12,545	121,999
Internal Program Costs	-	447,335	-	-	-	447,335
Engagement and Events	-	140,161	-	-	-	140,161
Payments to Affiliated Organizations	24,044	34,608	41,643	12,936	21,621	134,852
Miscellaneous	1,592	2,292	2,758	855	1,431	8,928
Total Expenses Before Depreciation	668,409	1,593,098	1,157,663	545,256	601,066	4,565,492
Depreciation	19,340	27,837	33,496	10,406	17,392	108,471
Total Expenses	<u>\$ 687,749</u>	<u>\$ 1,620,935</u>	<u>\$ 1,191,159</u>	<u>\$ 555,662</u>	<u>\$ 618,458</u>	<u>\$ 4,673,963</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2017**

	Program Services		Support Services			Total
	Community Investment	Internal Programs	Management and General	Marketing and Advertising	Resource Development	
Salaries	\$ 395,506	\$ 245,522	\$ 504,168	\$ 216,882	\$ 468,395	\$ 1,830,473
Employee Health and Retirement Benefits	127,441	79,113	162,455	69,884	150,928	589,821
Payroll Taxes	30,180	18,735	38,471	16,550	35,742	139,678
Total Salaries and Related Expenses	553,127	343,370	705,094	303,316	655,065	2,559,972
Professional Fees and Contract Services	27,771	152,313	35,401	15,229	32,889	263,604
Financial Service Fees	9,916	6,156	12,641	5,438	11,744	45,895
Supplies	16,132	22,088	20,565	8,846	19,105	86,736
Occupancy and Insurance	31,157	19,341	39,717	17,085	36,899	144,199
Postage and Shipping	19,225	11,934	24,507	10,542	22,768	88,976
Marketing and Advertising	-	-	-	182,716	-	182,716
Training	9,370	8,131	11,944	5,138	11,096	45,679
Travel, Meetings, Meals, and Memberships	25,760	63,837	32,838	14,126	30,508	167,069
Internal Program Costs	-	272,012	-	-	-	272,012
Engagement and Events	-	-	-	-	142,501	142,501
Payments to Affiliated Organizations	37,920	23,540	48,338	20,794	44,908	175,500
Miscellaneous	2,560	1,589	3,262	1,403	3,031	11,844
Total Expenses Before Depreciation	732,938	924,311	934,307	584,633	1,010,514	4,186,703
Depreciation	20,654	12,822	26,328	11,326	24,460	95,590
Total Expenses	<u>\$ 753,592</u>	<u>\$ 937,133</u>	<u>\$ 960,635</u>	<u>\$ 595,959</u>	<u>\$ 1,034,974</u>	<u>\$ 4,282,293</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 962,438	\$ (588,090)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	108,471	95,590
Net Unrealized and Realized Gains on Investments	(179,041)	(307,449)
Reinvested Income	(159,742)	(91,933)
Split-Interest Agreement Change in Fair Value	4,719	(15,661)
In-Kind Property Acquisition	(210,000)	-
Changes in Operating Assets and Liabilities:		
Pledges Receivable, Net	1,144,745	1,385,210
Grant Receivable	227,124	(243,487)
Other Assets	(23,387)	(7,414)
Accounts Payable	(81,497)	130,799
Accrued Expenses	(7,831)	57,955
Fiscal Sponsor Funds Held	(233,147)	(279,371)
Other Community Grants Payable	-	(62,361)
Donor Designations Payable	(1,934,386)	(204,772)
Postretirement Benefits	(1,999)	(4,295)
Net Cash Used by Operating Activities	(383,533)	(135,279)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Investments	(1,271,395)	(3,721,354)
Proceeds from Sale of Investments	1,292,286	5,468,042
Purchase of Land, Building, and Equipment, Net	(227,571)	(65,124)
Net Cash Provided (Used) by Investing Activities	(206,680)	1,681,564
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(590,213)	1,546,285
Cash and Cash Equivalents - Beginning of Year	2,926,564	1,380,279
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,336,351	\$ 2,926,564

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

United Way of Summit County (the Agency) is a nonprofit corporation that envisions a community where all individuals and families achieve their human potential through education, financial stability and healthy lives. Through its Bold Goals for 2025, the Agency will commit to systematically approaching lasting change around four strategic community goals addressing: 1) 3<sup>rd</sup> grade reading levels; 2) high school graduation rates and college/career readiness; 3) financial empowerment; and 4) reduction of drug overdoses in our community. The Agency will achieve success toward these Bold Goals by focusing all aim and resources specifically to these goal areas in collaboration with corporate partners, government, and program partners. The Agency is governed by a board of volunteers and as of 2018 will be celebrating its 100th anniversary.

The financial statements reflect the application of certain accounting policies described in this note.

**Basis of Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis.

The Agency applies the *Financial Statements of Not-For-Profit Organizations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this topic, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

**Cash and Cash Equivalents**

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Concentration of Credit Risk**

The Agency maintains cash balances at commercial banks located in Akron, Ohio. At various times throughout the year, the Agency's bank account balances may have exceeded the federally insured limits. The Agency has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Agency's contributor base and their dispersion across different industries.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Agency reports all investments in equity and debt securities in the statements of financial position at fair value determined by reference to quoted market prices and other relevant information generated by market transactions. In addition, gains and losses (realized and unrealized) are recognized as changes in net assets in the periods in which they occur and investment income is recognized as revenue in the period earned.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Agency records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Per Agency policy, donated stock is to be sold immediately upon receipt of donation.

**Land, Building, and Equipment**

Land, building and equipment are stated at cost or, if donated, the fair market value when received. Major additions and improvements are charged to the asset accounts while replacements, maintenance, and repairs, which do not extend the life of the assets, are expensed currently. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Land Improvements	3 – 15 Years
Building and Building Improvements	15 – 50 Years
Furniture and Fixtures	3 – 10 Years

The Agency evaluates the recoverability of long-lived assets and the related estimated remaining lives when indicators of impairment are present. The Agency would record an impairment charge or change the useful life if events or changes in circumstances indicated such a change is necessary. The Agency has not recorded any impairment charges and has not changed the useful life of any asset in the accompanying financial statements.

During 2017, the Agency accepted the donation of land, land improvements, and a building located in the Kenmore section of the city of Akron from The Huntington National Bank. The Agency is using this building to house its Financial Empowerment Center which is a program of the city of Akron administered in partnership with the Agency. The land, land improvements, and building were recorded at fair value (\$210,000) at the time of the donation, and is carried on the statements of financial position at that value less applicable depreciation.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

To ensure compliance with restrictions placed on the resources available to the Agency, the Agency's accounts are maintained in three net asset categories: permanently restricted, temporarily restricted, and unrestricted.

Permanently restricted net assets contain donor-imposed restrictions that stipulate that the principal amount of the contribution be maintained permanently. Permanently restricted net assets at March 31, 2018 and 2017 consist of the following:

Split-Interest Agreement - The income derived from these donated assets is unrestricted.

Knight Breakfast - The income derived from these donated assets is to be used to sponsor the annual Knight Breakfast.

Volunteer Center Endowment (held at Akron Community Foundation) - Endowment contributions and any income from the endowment are unrestricted.

United Way Endowment (held at Akron Community Foundation) - The spendable income derived from these donated assets is to be used for operating expenses.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Agency to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions by the Agency.

Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired.

**Fiscal Sponsor Funds Held**

The Agency is custodian of funds used for various expenditures of certain other organizations. Because these funds belong to the other organizations, these funds are not considered to be part of the Agency so a liability has been recorded to offset the asset in the accompanying financial statements. At March 31, 2018 and 2017, the amount of these funds in the accompanying financial statements totaled \$10,158 and \$243,305, respectively.

**Contributions**

Annual campaigns are conducted to raise support for allocations to partner agencies in the subsequent calendar year. Unconditional donor pledges to give cash, marketable securities, and other assets are reported at fair value at the date the pledge is made. Net annual campaign pledges are reported as temporarily restricted contributions in the year pledged. Upon expiration of donor imposed restrictions, the temporarily restricted net assets are reclassified to contributions received in prior year and released from restriction in the current year. It is the Agency's policy to record campaign pledges received and expended in the same accounting period in the unrestricted net asset activity.



**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services**

Many individuals volunteer their time and perform a variety of tasks that assist the Agency with their annual fundraising campaign and various committee assignments; however, these donated services are not generally reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

**Expense Allocation**

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

**Use of 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 the reported amounts. Although actual results could differ from those estimates, significant adjustments to these estimates historically have not been required.

**Grant Revenue**

Revenue from grants awarded on a reimbursement basis is recognized when received. Revenue from grants without a reimbursement requirement is recognized at the time the grant is awarded.

**Pledges Receivable**

Pledges receivable less allowances for uncollectible amounts are recorded as temporarily restricted receivables in the calendar year pledged as they are restricted for use for the subsequent calendar year allocations. Subsequently, the pledges receivable become unrestricted since the time restriction is met. On a periodic basis, the Agency evaluates its pledges receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on historical collectibility experience as well as current trends in the Summit County business community. The Agency expects these pledges to be received within one year. Pledges will be written off as uncollectible if the Agency determines the amount cannot be collected.

**Red Cross Participation**

On June 15, 2016, the Agency signed an agreement to terminate the joint campaign contract with the Summit County Chapter of The American Red Cross. In accordance with the termination agreement, the Agency made a lump sum payment of \$1,050,000 during 2017.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status**

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Agency is not considered a private foundation. However, the Agency is subject to federal tax on any unrelated business taxable income.

**Recent Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. This standard was issued to improve the information presented in the financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017. The Agency is currently evaluating the impact of this election on the financial statements.

**NOTE 2 INVESTMENTS**

The components of investments and investments held as endowment funds in the accompanying statements of financial position at fair value are as follows:

	2018	2017
Money Market Funds	\$ 1,467,380	\$ 83,918
U.S. Treasury Obligations	797,280	913,172
U.S. Government Securities	136,445	121,908
Corporate and Foreign Bonds	365,840	427,299
Equity Mutual Funds	1,652,771	3,006,412
Fixed Income Funds	1,610,055	1,167,441
Alternative Investments	243,777	235,506
Total	<u>\$ 6,273,548</u>	<u>\$ 5,955,656</u>

The Agency's endowment consists of numerous funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 2 INVESTMENTS (CONTINUED)**

**Interpretation of Relevant Law**

In accordance with generally accepted accounting principles, the Agency interpreted the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)* as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Agency and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Agency.
7. The investment policies of the Agency.

**Investments Held as Endowment Funds**

The majority of the Agency's investments held as endowment funds are held by Akron Community Foundation (ACF). The Agency has in place agreements with ACF whereby ACF invests monies for the benefit of the Agency. Assets of the Agency were transferred to ACF to establish the United Way of Summit County Endowment Fund for supporting the general purposes of the Agency and the United Way of Summit County Facility Fund for maintaining the Agency's facility, including building and equipment. The Agency also has permanently restricted endowment monies held at ACF at March 31, 2018 and 2017. These monies are invested in several funds, which are comprised of approximately 62% equity securities, 5% corporate and foreign bonds, 6% U.S. treasury obligations, 17% alternative investments, and 10% U.S. government securities at March 31, 2018. The Agency has not granted the ACF variance power. Investments held by ACF are reported at fair value. Investment income is distributed to the Agency under the terms of the agreement and is recorded as investment income.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 2 INVESTMENTS (CONTINUED)**

**Investments Held as Endowment Funds (Continued)**

The following is a summary of investments held as endowment funds at March 31:

	2018	2017
Donor-Restricted Endowment Funds (Temporarily Restricted)	\$ 1,124,093	\$ 1,047,564
Donor-Restricted Endowment Funds (Permanently Restricted)	420,181	420,181
Total	\$ 1,544,274	\$ 1,467,745

The following is a reconciliation of investments held as endowment funds for the years ended March 31:

	2018		2017	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Endowment Funds Balance - Beginning of Year	\$ 420,181	\$ 1,047,564	\$ 420,181	\$ 975,266
Net Investment Income	-	20,346	-	10,312
Net Unrealized/Realized Gains	-	100,945	-	107,954
Appropriated for Expenditures	-	(44,762)	-	(45,968)
Endowment Funds Balance - End of Year	\$ 420,181	\$ 1,124,093	\$ 420,181	\$ 1,047,564

**Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no deficiencies of this nature required to be reported in unrestricted net assets as of March 31, 2018 and 2017.

**Board Restricted Reserve Fund**

The Board Restricted Reserve Fund is governed by United Way's Investment Policy. This fund is to be treated as an emergency cash fund that is invested in an effort to ensure that the principal amount stays intact. The board intends for this fund to hold a balance of approximately six months' worth of operating expense and allocations for use if a significant event requires that these funds be drawn on to meet regular operating activities and/or allocation payments. Management, in conformity with United Way policies, will re-evaluate what constitutes the required balance at the conclusion of each audit and will communicate that required balance to the portfolio managers annually upon determination. The portfolio managers will alert the Agency if the balance in this fund drops below the required amount more than 5%. Portfolio managers are required to follow these policies and are required to update the Finance Committee on the compliance of these policies.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 2 INVESTMENTS (CONTINUED)**

**Board Discretionary Reserve Fund**

The Board Discretionary Reserve Fund is governed by United Way's Investment Policy. The fund is to be treated as a long-term investment portfolio that is fully diversified across all asset classes. The board intends for this fund to hold any surplus reserve investments. The surplus reserve investments are to be expended toward significant community impact projects as recommended by the Community Investment department and approved by the board. Portfolio managers are required to follow these policies and are required to update the Finance Committee on the compliance of these policies.

**NOTE 3 SPLIT-INTEREST AGREEMENTS**

The Agency has a perpetual interest in a beneficial trust. The trust is with a local bank and names the Agency as a perpetual beneficiary. Under the terms of the original split-interest agreement, the Agency is to receive approximately 35% of the trust income. The Agency receives the greater of their proportionate share of 5% of the prior year's average monthly market value or traditional income only, which is interest, dividend, and other income net of expenses. The Agency received \$22,004 and \$29,894 from the trust in 2018 and 2017, respectively.

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The FASB's guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

*Level 2* – Observable market based inputs or unobservable inputs that are corroborated by market data.

*Level 3* - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Agency performs a detailed analysis of the assets and liabilities that are subject to fair value measurements and disclosures.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Fair Value Measurements at Reporting Date Using			March 31, 2018
	Level 1	Level 2	Level 3	
Money Market Funds	\$ -	\$ 1,467,380	\$ -	\$ 1,467,380
U.S. Treasury Obligations	797,280	-	-	797,280
U.S. Government Securities	-	136,445	-	136,445
Corporate and Foreign Bonds	-	365,840	-	365,840
Equity Mutual Funds	1,652,771	-	-	1,652,771
Fixed Income Funds	1,610,055	-	-	1,610,055
Alternative Mutual Funds	132,983	-	-	132,983
Total Investments at Fair Value	<u>\$ 4,193,089</u>	<u>\$ 1,969,665</u>	<u>\$ -</u>	6,162,754
Investments Measured at Net Asset Value				110,794
Total Investments				<u>\$ 6,273,548</u>

  

	Fair Value Measurements at Reporting Date Using			March 31, 2017
	Level 1	Level 2	Level 3	
Money Market Funds	\$ -	\$ 83,918	\$ -	\$ 83,918
U.S. Treasury Obligations	913,172	-	-	913,172
U.S. Government Securities	-	121,908	-	121,908
Corporate and Foreign Bonds	-	427,299	-	427,299
Equity Mutual Funds	3,006,412	-	-	3,006,412
Fixed Income Funds	1,167,441	-	-	1,167,441
Alternative Mutual Funds	144,480	-	-	144,480
Total Investments at Fair Value	<u>\$ 5,231,505</u>	<u>\$ 633,125</u>	<u>\$ -</u>	5,864,630
Investments Measured at Net Asset Value				91,026
Total Investments				<u>\$ 5,955,656</u>

The Agency holds investments in debt and equity securities which are classified as available-for-sale securities. Most of these securities are publically-traded on the national stock exchanges and are considered Level 1 investments. Equity funds, treasury obligations, and other investments are measured at fair value using quoted market prices. Money market funds and bonds are not traded on a market exchange; therefore, the fair value is determined using the valuation models based on daily market prices. Alternative investments consist of investments in private equity funds, real estate funds, and hedge funds measured using net asset value per share as the practical expedient.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table summarizes investments for which fair value is measured using the net asset per share practical expedient as of March 31, 2018 and March 31, 2017.

Investment Type	Fair Value 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 16,148	\$ -	None	None
Real Estate Funds	22,801	-	None	None
Hedge Funds	71,845	-	None	None
Total	\$ 110,794	\$ -		

Investment Type	Fair Value 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 13,650	\$ -	None	None
Real Estate Funds	11,478	-	None	None
Hedge Funds	65,898	-	None	None
	\$ 91,026	\$ -		

**NOTE 5 EMPLOYEE BENEFIT PLANS**

The Agency sponsors a health care plan that provides health care and life insurance benefits to certain active and retired employees who met certain age and length-of-service requirements (the Plan). The Plan does not allow any new participants. The Plan contains cost-sharing features such as deductions and coinsurance. The Agency's policy is to fund the cost of medical benefits on a "pay as you go" basis in amounts determined at the discretion of management. The Agency has no Plan assets designated for funding of its accrued postretirement benefits.

The Plan benefit obligation reported in the statements of financial position was \$94,425 and \$96,424 at March 31, 2018 and 2017, respectively.

In addition to the above benefit Plan, the Agency sponsors a 403(b) defined contribution plan for substantially all of its employees. Employees can contribute up to the Internal Revenue Service maximum. The Agency provides a matching contribution of 50% of the first 12% of salary contributions. Discretionary contributions are approved by the executive committee each year. The discretionary contributions were \$144,000 and \$144,793 for the years ended March 31, 2018 and 2017, respectively. Total matching contributions were \$50,197 and \$36,553 for the years ended March 31, 2018 and 2017, respectively.

**UNITED WAY OF SUMMIT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 SHORT-TERM BORROWINGS**

The Agency entered into a line of credit agreement with a bank on March 20, 2018. The Agency may borrow up to \$600,000. The line of credit includes interest at LIBOR plus 1.60% and is collateralized by the Board Discretionary Reserve Fund. There were no borrowings under the line of credit as of at March 31, 2018.

**NOTE 7 COMMITMENTS**

On March 13, 2018, the Agency signed a Real Estate Purchase Agreement in which it agreed to purchase the land and building located at 37 N. High Street, Akron, Ohio from Summit County for \$1,750,000. The purchase agreement requires that \$500,000 of the purchase price is paid at closing. The remaining \$1,250,000 will be financed by Summit County under a ten-year interest free note. Annual payments on the note of \$125,000 each will begin in January 2020. The Agency closed on the purchase of the property and took ownership of the property on April 6, 2018.

**NOTE 8 SUBSEQUENT EVENTS**

In March 2018, the board of directors approved a resolution announcing its intent to merge with Info Line, a nonprofit corporation that provides information and referral services to Summit County residents. A formal merger agreement was approved by the board on May 16, 2018. Under the agreement, the Agency will merge Info Line's assets totaling approximately \$700,000 and will assume obligations of approximately \$260,000. The Agency expects to continue existing Info Line programs. The merger will be effective on July 1, 2018.

Subsequent events have been evaluated through June 19, 2018, which is the date the financial statements were available to be issued.