UNITED WAY OF SUMMIT COUNTY

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

CliftonLarsonAllen

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(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Summit County
Akron, Ohio

We have audited the accompanying statement of financial position of United Way of Summit County as of March 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2017, and the results of its operations, changes in its net assets, and its 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 the United Way of Summit County's March 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Akron, Ohio
June 14, 2017

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF FINANCIAL POSITION
MACH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents:		
Cash in Checking	$ 2,050,553	$ 603,096
Cash Equivalent Investments	876,011	777,183
Total Cash and Cash Equivalents	2,926,564	1,380,279
Pledges Receivable:		
2016 Campaign, Less Allowance for Uncollectibles of $322,940 in 2017	5,039,930	-
2015 Campaign, Less Allowance for Uncollectibles of $324,751 in 2017 and $414,966 in 2016	138,000	6,501,140
2014 Campaign, Less Allowance for Uncollectibles of $306,973 in 2016	-	62,000
Total Pledge Receivable	5,177,930	6,563,140
Grant Receivable	243,487	-
Other Assets	42,802	35,388
Total Current Assets	8,390,783	7,978,807
NONCURRENT ASSETS		
Investments	4,487,911	5,907,514
Investments Held as Endowment Funds	1,467,745	1,395,448
Split Interest Agreement	603,040	587,379
Total Noncurrent Assets	6,558,696	7,890,341
LAND, BUILDING, AND EQUIPMENT		
Land and Land Improvements	111,862	108,243
Building and Building Improvements	978,853	967,780
Furniture and Fixtures	577,066	595,058
Total	1,667,781	1,671,081
Less: Accumulated Depreciation	1,064,968	1,037,802
Total Land, Building, and Equipment	602,813	633,279
Total Noncurrent Assets	7,161,509	8,523,620
Total Assets	$ 15,552,292	$ 16,502,427

See accompanying Notes to Financial Statements.

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017	2016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 134,764	$ 3,965
Accrued Expenses	178,709	120,754
Fiscal Sponsor Funds Held	243,305	522,676
Other Community Grants Payable	-	62,361
Donor Designations Payable	2,831,973	3,036,745
Total Current Liabilities	3,388,751	3,746,501
NONCURRENT LIABILITIES		
Postretirement Benefits	96,424	100,719
NET ASSETS		
Unrestricted:		
Unrestricted Net Assets	2,216,281	2,752,317
Board Restricted Reserve Fund	3,598,598	3,577,636
Board Discretionary Reserve Fund	3,137,426	3,276,402
Land, Building, and Equipment	602,813	633,279
Total Unrestricted	9,555,118	10,239,634
Temporarily Restricted:		
For Future Distribution	94,648	310,211
Other Restricted Assets	261,522	31,327
Investments Held by Akron Community Foundation	1,010,073	943,940
Total Temporarily Restricted	1,366,243	1,285,478
Permanently Restricted:		
Split Interest Agreement	603,040	587,379
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	1,145,756	1,130,095
Total Net Assets	12,067,117	12,655,207
Total Liabilities and Net Assets	$ 15,552,292	$ 16,502,427

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
PUBLIC SUPPORT AND REVENUE					
Gross Pledges Processed	$ 880,331	$ 11,351,803	$ -	$ 12,232,134	$ 12,982,026
Less: Designations Paid Direct	(277,056)	(547,777)	-	(824,833)	(285,004)
Less: Nonlocal Pledges	(1,053)	(1,346,055)	-	(1,347,108)	(1,509,280)
Total Gross Campaign Results	602,222	9,457,971	-	10,060,193	11,187,742
Less: Local Donor Designations for Specific Agencies and Other United Ways	(274,148)	(3,104,329)	-	(3,378,477)	(4,536,710)
Total Contributions	328,074	6,353,642	-	6,681,716	6,651,032
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)	(320,876)
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	6,330,156
Other Income (Expense)	52,616	-	-	52,616	(407)
Investment Income	64,477	27,456	-	91,933	439,352
Total Public Support and Revenue	7,502,514	35,924	-	7,538,438	6,769,101
ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES					
Community Funding:					
Agency Allocations	3,063,645	-	-	3,063,645	3,323,052
Red Cross Participation	1,050,000	-	-	1,050,000	748,371
Other Community Grants	53,700	-	-	53,700	597,861
Total Community Funding	4,167,345	-	-	4,167,345	4,669,284
Functional Expenses:					
Program Services:					
Community Investment	753,592	-	-	753,592	799,898
Internal Programs	937,133	-	-	937,133	232,099
Total Program Services	1,690,725	-	-	1,690,725	1,031,997

See accompanying Notes to Financial Statements.

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES (CONTINUED)					
Support Services:					
Management and General	$ 960,635	$ -	$ -	$ 960,635	$ 733,574
Marketing and Advertising	595,959	-	-	595,959	421,106
Resource Development	1,034,974	-	-	1,034,974	1,183,015
Total Support Services	2,591,568	-	-	2,591,568	2,337,695
Total Functional Expenses	4,282,293	-	-	4,282,293	3,369,692
Total Allocations, Participation, and Other Expenses	8,449,638	-	-	8,449,638	8,038,976
SPLIT INTEREST AGREEMENT CHANGE IN FAIR VALUE	-	-	15,661	15,661	(34,840)
NET UNREALIZED AND REALIZED GAINS (LOSSES) ON INVESTMENTS	262,608	44,841	-	307,449	(486,859)
LOSS ON DISPOSAL OF ASSETS	-	-	-	-	(94,168)
CHANGE IN NET ASSETS	(684,516)	80,765	15,661	(588,090)	(1,885,742)
Net Assets - Beginning of Year	10,239,634	1,285,478	1,130,095	12,655,207	14,540,949
NET ASSETS - END OF YEAR	$ 9,555,118	$ 1,366,243	$ 1,145,756	$ 12,067,117	$ 12,655,207

See accompanying Notes to Financial Statements.

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017						
	Program Services		Support Services				
	Community Investment	Internal Programs	Management and General	Marketing and Advertising	Resource Development	Total	2016 Total
Salaries	$ 395,506	$ 245,522	$ 504,168	$ 216,882	$ 468,395	$ 1,830,473	$ 1,606,772
Employee Health and Retirement Benefits	127,441	79,113	162,455	69,884	150,928	589,821	521,216
Payroll Taxes	30,180	18,735	38,471	16,550	35,742	139,678	124,001
Total Salaries and Related Expenses	553,127	343,370	705,094	303,316	655,065	2,559,972	2,251,989
Professional Fees and Contract Services	27,771	152,313	35,401	15,229	32,889	263,604	127,430
Financial Service Fees	9,916	6,156	12,641	5,438	11,744	45,895	64,822
Supplies	16,132	22,088	20,565	8,846	19,105	86,736	31,308
Occupancy and Insurance	31,157	19,341	39,717	17,085	36,899	144,199	141,949
Postage and Shipping	19,225	11,934	24,507	10,542	22,768	88,976	123,738
Marketing and Advertising	-	-	-	182,716	-	182,716	64,753
Training	9,370	8,131	11,944	5,138	11,096	45,679	49,958
Travel, Meetings, Meals, and Memberships	25,760	63,837	32,838	14,126	30,508	167,069	60,718
Internal Program Costs	-	272,012	-	-	-	272,012	99,763
Engagement and Events	-	-	-	-	142,501	142,501	15,800
Payments to Affiliated Organizations	37,920	23,540	48,338	20,794	44,908	175,500	165,093
Miscellaneous	2,560	1,589	3,262	1,403	3,031	11,844	44,016
Total Expenses Before Depreciation	732,938	924,311	934,307	584,633	1,010,514	4,186,703	3,241,337
Depreciation	20,654	12,822	26,328	11,326	24,460	95,590	128,354
Total Expenses	$ 753,592	$ 937,133	$ 960,635	$ 595,959	$ 1,034,974	$ 4,282,293	$ 3,369,691

See accompanying Notes to Financial Statements.

UNITED WAY OF SUMMIT COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (588,090)	$ (1,885,742)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	95,590	128,354
Net Unrealized and Realized (Gains) Losses on Investments	(307,449)	486,859
Investment Income	(91,933)	(439,352)
Split Interest Agreement Change in Fair Value	(15,661)	34,840
Loss on Disposal of Assets	-	94,168
Changes in Operating Assets and Liabilities:		
Pledges Receivable, Net	1,385,210	474,730
Grant Receivable	(243,487)	-
Other Assets	(7,414)	14,419
Accounts Payable	130,799	(15,259)
Accrued Expenses	57,955	(122,048)
Fiscal Sponsor Funds Held	(279,371)	118,502
Other Community Grants Payable	(62,361)	(38,654)
Donor Designations Payable	(204,772)	104,534
Postretirement Benefits	(4,295)	-
Net Cash Used by Operating Activities	(135,279)	(1,044,649)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Investments	(3,721,354)	(3,803,328)
Proceeds from Sale of Investments	5,468,042	3,910,016
Purchase of Equipment, Net	(65,124)	(203,663)
Net Cash Provided (Used) by Investing Activities	1,681,564	(96,975)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,546,285	(1,141,624)
Cash and Cash Equivalents - Beginning of Year	1,380,279	2,521,903
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,926,564	$ 1,380,279

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Summit County (the Agency) is a nonprofit corporation that engages community through aligning time and resources to the impact it is making in Summit County. Through its Bold Goals for 2025, United Way will commit to systematically approaching lasting community change around four strategic community goals. It will achieve success by focusing all aim and resources specifically to these goal areas in collaboration with their corporate partners, government and apex program partners. The Agency's mission is to engage and impact community conditions at scale within three critical areas of Education, Financial Stability and Health. 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 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.

Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

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.

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 statement of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

We record 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.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, pledges receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturity of these instruments.

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	15 Years
Building and Building Improvements	15 - 50 Years
Furniture and Fixtures	3 - 10 Years

During 2016, the Agency abandoned the internally developed online pledging software used to enable online pledging. This resulted in a net loss of approximately $93,000. The new online pledging software is a subscription based, externally developed package, which will result in annual operating expenses rather than being capitalized.

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, 2017 and 2016 consist of the following:

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

John Knight Breakfast - The income derived from these donated assets is to be used to sponsor the annual John 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 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, 2017 and 2016, the amount of these funds in the accompanying financial statements totaled $243,305 and $522,676, respectively.

Annual Campaigns

Annual campaigns are conducted to raise support for allocations to partner agencies in the subsequent calendar year. 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.

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 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 statement of activities and in the statement 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 with no exchange transaction and reimbursement contract is recognized when received. Revenue from grants representing exchange transactions and reimbursement contracts are recognized to the extent that expenses eligible under the grant agreements or for reimbursements have been incurred during the period.

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 the fiscal year.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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:

	2017	2016
Money Market Funds	$ 83,918	$ 94,707
U.S. Treasury Obligations	913,172	77,944
U.S. Government Securities	121,907	1,694,333
Corporate and Foreign Bonds	427,299	434,536
Equity Mutual Funds	3,006,412	3,478,929
Fixed Income Funds	1,167,441	1,345,858
Alternative Investments	235,507	176,655
Total	$ 5,955,656	$ 7,302,962

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

Interpretation of Relevant Law

The board of directors of 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:

NOTE 2 INVESTMENTS (CONTINUED)

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, 2017 and 2016. These monies are invested in several funds, which are comprised of approximately 60% equity securities, 5% corporate and foreign bonds, 17% alternative investments and 18% U.S. government securities at March 31, 2017. 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.

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

	2017	2016
Donor-Restricted Endowment Funds (Temporarily Restricted)	$ 1,047,563	$ 975,266
Donor-Restricted Endowment Funds (Permanently Restricted)	420,182	420,182
Total	$ 1,467,745	$ 1,395,448

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

	2017		2016	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Endowment Funds, Beginning Balance	$ 420,182	$ 975,266	$ 424,055	$ 1,170,974
Net Investment Income	-	10,312	1,515	55,284
Net Unrealized Gain (Loss)	-	107,954	(3,734)	(132,130)
Appropriated for Expenditures	-	(45,969)	(1,654)	(118,862)
Endowment Funds, Ending Balance	$ 420,182	$ 1,047,563	$ 420,182	$ 975,266

NOTE 2 INVESTMENTS (CONTINUED)

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, 2017 and 2016.

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.

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 $29,894 and $30,918 from the trust in 2017 and 2016, 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.

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

	March 31, 2017	Fair Value Measurements at Reporting Date Using 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	121,907	-	121,907	-
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 Investments	235,507	-	235,507	-
Total	$ 5,955,656	$ 5,170,943	$ 784,713	$ -

	March 31, 2016	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3
Money Market Funds	$ 94,707	$ 94,707	$ -	$ -
U.S. Treasury Obligations	77,944	77,944	-	-
U.S. Government Securities	1,694,333	-	1,694,333	-
Corporate and Foreign Bonds	434,536	-	434,536	-
Equity Mutual Funds	3,478,929	3,478,929	-	-
Fixed Income Funds	1,345,858	1,345,858	-	-
Alternative Investments	176,655	-	176,655	-
Total	$ 7,302,962	$ 4,997,438	$ 2,305,524	$ -

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Agency holds investments in debt and equity securities which are classified as available-for-sale securities. Most of these securities are publicly-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. Alternative investments, bonds, and government securities are not traded on a market exchange, therefore the fair value is determined using valuation models based on daily market prices. For 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent.

During the years ended March 31, 2017 and 2016, the Agency did not make significant transfers between Level 1 and Level 2 assets and liabilities. As of March 31, 2017 and 2016, the Agency did not have any significant Level 3 assets or liabilities.

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 benefit cost. The Agency has elected not to obtain additional actuarial valuation report as the benefit obligation changes by an immaterial amount each year and remains at an immaterial amount when compared to the financial statements as a whole.

The Plan benefit obligation reported in the statements of financial position was $96,424 and $100,719 at March 31, 2017 and 2016, respectively. The Plan benefit obligation is expected to decrease by an insignificant amount each year as the participants leave the Plan and annual benefit payments are expected to be less than $5,000 for the next five years. The Agency will adjust the Plan benefit obligation and obtain an additional actuarial valuation report when there is a significant change in the obligation. Due to the immateriality of the liability no further disclosure in the notes to the financial statements is deemed necessary.

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 6% of salary and discretionary contribution approved by the executive committee each year. The discretionary contributions were $144,793 and $144,000 for the years ended March 31, 2017 and 2016, respectively. Total matching contributions were $36,553 and $40,803 for the years ended March 31, 2017 and 2016, respectively.

NOTE 6 SUBSEQUENT EVENTS

In April 2017, the Agency announced its four strategic community goals, Bold Goals for 2025. The Bold Goals for 2025 are:

- Goal 1: 65% of Akron Public School (APS) third graders reading at or above grade level (currently at 38%)
- Goal 2: 90% of APS high-schoolers graduating in four years, with 60% college/career ready (currently at 75% and 21%, respectively)
- Goal 3: Financially empower 11,000 people (currently 42,000 people in Akron are consider to be "working poor")
- Goal 4: Reduce emergency room visits due to drug overdose to 1,000 (currently at 2,400 annually)

These Bold Goals will drive the Agency's work and investments in the community for the next several years.

In May 2017, APS was named a Ford Next Generation Learning Community which will provide support for the transformation of Akron's public high schools into career-themed academies. The Agency has been named as a strategic partner in the effort and will be responsible for brokering all partnerships between businesses and the schools. The Agency is still evaluating the impact of this important new partnership on its future operations.

Subsequent events have been evaluated through June 14, 2017, which is the date the financial statements were available to be issued.