



**United Way
of Lake County**

FINANCIAL STATEMENTS

JUNE 30, 2017

(With Summarized Comparative Financial Information
for the Year Ended June 30, 2016)

	PAGE NO.
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 and 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES.....	5 and 6
STATEMENTS OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 through 12
SCHEDULE OF FUNDS AWARDED TO MEMBER AGENCIES AND OTHERS	13



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
UNITED WAY OF LAKE COUNTY, INC.

7555 Fredle Dr.
Suite 110

Concord, OH 44077

Phone: 440-951-2997

Fax: 866-359-4674

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Lake County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Lake County, Inc. as of June 30, 2017 and the changes in their net assets and their 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 United Way of Lake County, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2016. In our opinion, the accompanying summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



To the Board of Directors
Page 2 of 2

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Funds Awarded to Member Agencies and Others is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Concord, Ohio
November 16, 2017

H•J
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017	2016
ASSETS		
Cash & Cash Equivalents	\$ 264,976	\$ 469,194
Pledges Receivable	813,412	865,908
(Less Allowance for Uncollectible Pledges)	(90,000)	(115,000)
Prepaid Expenses and Other	7,487	7,302
Cash Surrender Value of Life Insurance	25,640	24,888
Investments	1,861,691	1,658,476
Property and Equipment, Net	486,998	498,346
	<u>3,370,204</u>	<u>3,409,114</u>
TOTAL ASSETS	\$ 3,370,204	\$ 3,409,114
LIABILITIES AND NET ASSETS		
Allocations Payable	\$ 1,200,000	\$ 1,400,000
Designations Payable	38,404	44,037
Accounts Payable	14,692	386
Other Payables	2,713	3,363
Accrued Expenses	23,079	21,150
	<u>1,278,888</u>	<u>1,468,936</u>
TOTAL LIABILITIES	1,278,888	1,468,936
NET ASSETS		
Unrestricted	1,551,200	1,468,569
Temporarily Restricted	540,116	471,609
	<u>2,091,316</u>	<u>1,940,178</u>
TOTAL NET ASSETS	2,091,316	1,940,178
	<u>\$ 3,370,204</u>	<u>\$ 3,409,114</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 3,370,204	\$ 3,409,114

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	UNRESTRICTED	TEMPORARILY RESTRICTED	2017	2016
PUBLIC SUPPORT AND REVENUES				
Gross Campaign Results	\$ 2,060,521	\$ 127,502	\$ 2,188,023	\$ 2,155,935
Less Donor Designations	(142,860)	-	(142,860)	(148,259)
Less Provision for Uncollectible Pledges	<u>(58,979)</u>	<u>-</u>	<u>(58,979)</u>	<u>(113,314)</u>
Net Campaign Revenue	1,858,682	127,502	1,986,184	1,894,362
Gifts In-Kind	142,983	-	142,983	88,966
Grant	12,128	-	12,128	9,563
Other Income	3,495	-	3,495	1,708
Net Assets Released from Restrictions	<u>112,579</u>	<u>(112,579)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT & REVENUES	2,129,867	14,923	2,144,790	1,994,599
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,349,064	-	1,349,064	1,630,151
Less Donor Designations	<u>(142,860)</u>	<u>-</u>	<u>(142,860)</u>	<u>(148,259)</u>
Net Funds Awarded/Distributed	1,206,204	-	1,206,204	1,481,892
Community Impact	469,068	-	469,068	418,239
Allocations & Agency Relations	<u>87,511</u>	<u>-</u>	<u>87,511</u>	<u>71,774</u>
Total Program Services	1,762,783	-	1,762,783	1,971,905
Supporting Services:				
Management & General	151,185	-	151,185	195,086
Resource Development	<u>300,826</u>	<u>-</u>	<u>300,826</u>	<u>308,116</u>
Total Supporting Services	<u>452,011</u>	<u>-</u>	<u>452,011</u>	<u>503,202</u>
Total Expenses	2,214,794	-	2,214,794	2,475,107
Increase(Decrease) in Net Assets as a Result of Operations	(84,927)	14,923	(70,004)	(480,508)
NON-OPERATING ACTIVITIES				
Unrealized Loss on Investments	120,496	32,843	153,339	(115,058)
Investment Income	<u>47,062</u>	<u>20,741</u>	<u>67,803</u>	<u>114,159</u>
	<u>167,558</u>	<u>53,584</u>	<u>221,142</u>	<u>(899)</u>
CHANGE IN NET ASSETS	82,631	68,507	151,138	(481,407)
NET ASSETS - BEGINNING	<u>1,468,569</u>	<u>471,609</u>	<u>1,940,178</u>	<u>2,421,585</u>
NET ASSETS - ENDING	<u>\$ 1,551,200</u>	<u>\$ 540,116</u>	<u>\$ 2,091,316</u>	<u>\$ 1,940,178</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	ALLOCATIONS			MANAGEMENT & GENERAL	RESOURCE DEVELOPMENT	TOTAL	2017	2016
	COMMUNITY IMPACT	& AGENCY RELATIONS	TOTAL					
Salaries	\$ 171,464	\$ 57,354	\$ 228,818	\$ 81,166	\$ 154,545	\$ 235,711	\$ 464,529	\$ 449,992
Employee Benefits	27,785	9,294	37,079	13,153	25,043	38,196	75,275	54,887
Payroll Taxes	13,295	4,447	17,742	6,294	11,983	18,277	36,019	35,679
Donated Services	-	-	-	-	-	-	-	17,897
Outside Contractor	-	-	-	-	-	-	-	3,800
Total Personnel Cost	212,544	71,095	283,639	100,613	191,571	292,184	575,823	562,255
Gifts in Kind	139,561	-	139,561	-	3,422	3,422	142,983	71,067
Meetings & Awards	13,146	-	13,146	343	30,961	31,304	44,450	63,079
Food	36,100	-	36,100	-	-	-	36,100	30,980
Professional & Contract Service Fees	7,368	2,185	9,553	14,792	6,724	21,516	31,069	58,963
Occupancy	12,918	3,370	16,288	7,863	3,931	11,794	28,082	27,495
Miscellaneous	6,730	2,019	8,749	12,620	5,440	18,060	26,809	40,794
United Way Worldwide Membership Dues	8,901	2,977	11,878	4,213	8,022	12,235	24,113	26,267
Depreciation	10,395	2,712	13,107	6,328	3,164	9,492	22,599	22,083
Advertising	2,005	-	2,005	-	18,049	18,049	20,054	31,278
Media	4,622	-	4,622	-	14,151	14,151	18,773	17,424
Telephone/Email	4,185	1,400	5,585	1,981	3,772	5,753	11,338	13,017
Postage	2,199	-	2,199	147	4,984	5,131	7,330	8,163
Insurance	2,644	885	3,529	1,252	2,383	3,635	7,164	6,899
Travel & Conferences	1,447	579	2,026	289	3,474	3,763	5,789	9,588
Supplies	863	289	1,152	409	778	1,187	2,339	2,557
Dues & Subscriptions	3,440	-	3,440	335	-	335	3,775	1,306
Subtotal	\$ 469,068	\$ 87,511	556,579	\$ 151,185	\$ 300,826	452,011	1,008,590	993,215
Allocations/Awards			1,206,204			-	1,206,204	1,481,892
Total			\$ 1,762,783			\$ 452,011	\$ 2,214,794	\$ 2,475,107

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 151,138	\$ (481,407)
Adjustments to Reconcile Change in Net Assets to Cash Used by Operating Activities:		
Depreciation	22,598	22,083
Decrease in Allowance for Uncollectible Pledges	(25,000)	(5,000)
Unrealized Loss (Gain) on Investments	(67,803)	115,058
Decrease(Increase) in Operating Assets:	-	
Pledges Receivable	52,496	821,341
Prepaid Expenses and Other	(185)	2,724
Increase(Decrease) in Operating Liabilities:		
Allocations Payable	(200,000)	(604,000)
Designations Payable	(5,633)	(1,626)
Accounts Payable	14,306	(40,194)
Other Payables	(650)	(999)
Accrued Expenses	1,929	4,169
Cash Used by Operating Activities	(56,804)	(167,851)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Purchase of Investments	(135,412)	(109,933)
Purchase of Property and Equipment	(11,250)	-
Increase in CSV of Life Insurance	(752)	(755)
Cash Used by Investing Activities	(147,414)	(110,688)
Net Decrease in Cash	(204,218)	(278,539)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	469,194	747,733
CASH AND EQUIVALENTS AT END OF YEAR	\$ 264,976	\$ 469,194

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

1. NATURE AND SCOPE OF ACTIVITIES

United Way of Lake County, Inc. ("UWLC"), an Ohio nonprofit corporation founded in 1972, is a voluntary health and welfare organization governed by a volunteer Board of Directors. UWLC's mission is to measurably improve the quality of people's lives in Lake County. UWLC's vision is to become the entrusted champion that drives improved outcomes in the Lak County, Ohio community by funding services that impact health, education and financial stability. The web address of UWLC is www.uwlc.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain June 30, 2016 comparative amounts. Such total amounts, for June 30, 2016 only, do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with UWLC's financial statements for the year ended June 30, 2016, from which the comparative total amounts were derived. The auditor's report dated November 16, 2016 expressed an unmodified opinion on those financial statements.

BASIS OF ACCOUNTING

The accompanying financial statements of UWLC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

UWLC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

CAMPAIGN YEAR, PLEDGES AND ALLOCATION TO AGENCIES

Each year, from July to June, UWLC conducts its annual fundraising campaign. Unconditional pledges are recorded when received. Pledges are collected over a period of approximately two years from the beginning of the campaign. Final results of the campaign are used to develop an allocation to agencies that will be paid in the next period. Each April, a review process is conducted by community volunteers to determine allocation payments to agencies. In June, the Board approves the allocations and agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing twelve months.

DONOR DESIGNATIONS

Designations from donors to specific nonprofit organizations other than UWLC are deducted from gross campaign results to arrive at net contribution revenue. Similarly, gross funds awarded/distributed are reduced by donor designations. United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third party administrator to remit to the designated agencies.

COMPENSATED ABSENCES

Employees of UWLC are entitled to paid vacations, sick days, and personal days off depending on job classification, length of service, and other factors. UWLC's policy is to recognize the costs of compensated absences when earned by its employees according to personnel policy.

FUNCTIONAL EXPENSES

Expenses are charged to the direct program services and supporting program services on the basis of actual time and expense and on estimates made by UWLC's management. This allocation of expenses has been summarized in the statement of activities and in the statement of functional expenses. All expenses of UWLC have been allocated on this basis.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

NOTES (CONTINUED):

CONCENTRATION OF CREDIT AND MARKET RISKS

Primarily all of UWLC's revenues and receivables are from businesses and individuals located in northeastern Ohio.

UWLC's cash and cash equivalents, which are deposited in financial institutions, may at times exceed federally insured limits. UWLC has not experienced losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

The cash and investment balances are in compliance with the investment policy of UWLC and are overseen by UWLC's finance committee.

CASH AND CASH EQUIVALENTS

UWLC considers all highly liquid debt instruments purchased with an original maturity of three months or less (excluding those held in brokerage accounts designated for long-term investment) to be cash equivalents. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Provision for uncollectible pledges is determined based upon historical experience adjusted by management estimates of current economic factors, applied to gross campaign, excluding donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2017 and 2016 was \$90,000 and \$115,000, respectively. For the annual campaign, any remaining uncollectible pledge balances are written off as of the succeeding year-end.

INVESTMENTS

UWLC records investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the statement of financial position.

FAIR VALUE MEASUREMENTS

Accounting guidance provides a framework for measuring fair value, establishing a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and requires expanded disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Investments that are market traded, such as equity and debt securities and mutual funds, are recorded at fair value based primarily on quoted market prices, as established by the major securities markets (Level 1).

PROPERTY AND EQUIPMENT

Purchased assets are stated at cost and donated assets are stated at the fair market value at the date of acquisition. Depreciation is computed on the straight-line basis over the assets' estimated useful lives (5-40 years). UWLC generally capitalizes all expenditures for property and equipment in excess of \$5,000. Repairs and maintenance are expensed as incurred.

IMPAIRMENT OF ASSETS

UWLC accounts for long-lived assets in accordance with the *Accounting for Impairment of Long-Lived Assets* topic of the FASB *Accounting Standards Codification (ASC)*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended June 30, 2017 and 2016.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

NOTES (CONTINUED):

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. At June 30, 2017 and 2016, UWLC had no permanently restricted net assets subject to donor restrictions that the contributed principal be invested in perpetuity and only the income be utilized.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are included as support once the conditions are substantially met.

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

TEMPORARILY RESTRICTED NET ASSETS

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

RETIREMENT PLAN

UWLC provides for eligible staff employees to participate in a 401(k) defined contribution plan. The total employer contributions were \$17,369 and \$14,118 for the years ended June 30, 2017 and 2016, respectively.

DONATED SERVICES AND MATERIAL

Donated services that are recognized in the financial statements either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. UWLC receives a significant amount of donated services from volunteers who assist in the annual campaign, grant allocation process and special projects. No amounts have been recognized for donated services described above since they did not meet the criteria for recognition.

Contributed food in the amount of \$118,282 and \$44,776 was recognized as program expense in 2017 and 2016, respectively and is reflected on the statement of functional expenses.

UWLC received donated program materials, advertising and printing in the amount of \$27,833 (2017) and \$26,291 (2016). UWLC also received donated management services in the amount of \$-0- (2017) and \$17,897 (2016) from its former Board Treasurer.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for uncollectible pledges.

ADVERTISING

Advertising is expensed as incurred. Advertising expense, including in-kind, amounted to \$38,131 (2017) and \$31,278 (2016).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

NOTES (CONTINUED):

UNITED WAY WORLDWIDE MEMBERSHIP DUES

United Way Worldwide membership is a support payment for which UWLC receives, among other things, the right to use the national brand in charitable endeavors, national advocacy of issues, membership education and training, centralized creation and support for marketing of fundraising campaigns, fostering of relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies amongst members, and promotion of concept of local community impact on a national scale.

Annual dues are paid in quarterly installments to United Way Worldwide. These totaled \$24,114 and \$26,267 for the years ended June 30, 2017 and 2016, respectively.

INCOME TAXES

UWLC is organized as a nonprofit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes. UWLC had no unrelated business income during 2017 or 2016. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions.

RECLASSIFICATIONS

Certain amounts for 2016 have been reclassified to conform to the 2017 presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09, including subsequent amendments, is effective for UWLC for reporting periods beginning after December 15, 2018. UWLC is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This update is effective for annual periods ending after December 15, 2016. UWLC adopted ASU 2014-15 in fiscal year 2017. The adoption of this standard had no impact on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for UWLC for reporting periods beginning after December 15, 2019 with early adoption permitted. UWLC is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities. This standard sets forth changes to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for UWLC for reporting periods beginning after December 15, 2017. UWLC is currently evaluating the impact that ASU 2016-14 will have on its financial statements and will adopt the provisions upon the effective date.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

NOTES (CONTINUED):

3. INVESTMENTS

Investments are composed of the following at June 30:

	2017		2016	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 94,269	\$ 94,269	\$ 118,320	\$ 118,320
Mutual Funds - Equities	1,283,024	1,025,643	1,038,393	936,562
Mutual Funds - Fixed Income	484,398	507,256	501,763	522,410
	<u>\$ 1,861,691</u>	<u>\$ 1,627,168</u>	<u>\$ 1,658,476</u>	<u>\$ 1,577,292</u>

Investment returns as of June 30 are summarized by net asset class as follows:

	2017		
	Unrestricted	Temporarily Restricted	Total
Investment Earnings	\$ 120,496	\$ 32,843	\$ 153,339
Unrealized Gain on Investments	47,062	20,741	67,803
	<u>\$ 167,558</u>	<u>\$ 53,584</u>	<u>\$ 221,142</u>
	2016		
	Unrestricted	Temporarily Restricted	Total
Investment Earnings	\$ 90,316	\$ 23,843	\$ 114,159
Unrealized Loss on Investments	(85,193)	(29,865)	(115,058)
	<u>\$ 5,123</u>	<u>\$ (6,022)</u>	<u>\$ (899)</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2017	2016
Land & Improvements	\$ 200,500	\$ 200,500
Building & Improvements	869,463	858,213
Office Furniture & Equipment	79,236	79,236
	1,149,199	1,137,949
Accumulated Depreciation	(662,201)	(639,603)
	<u>\$ 486,998</u>	<u>\$ 498,346</u>

Depreciation expense for the period was \$22,598 (2017) and \$22,083 (2016).

5. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

Campaign Year:	2017	2016
2017	\$ 64,936	\$ -
2016	2,045,868	54,754
2015	55,407	2,008,129
Prior Periods	-	69,465
	<u>\$ 2,166,211</u>	<u>\$ 2,132,348</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

NOTES (CONTINUED):

6. FUNCTIONAL CATEGORIES

Community Impact includes coordination of UWLC staff, volunteers, and other resources to conduct activities for the betterment of the community. *Allocations and Agency Relations* include the evaluation of community needs and the distribution of funds to best meet those needs.

7. LINE OF CREDIT

UWLC maintains a revolving line of credit at its bank in the amount of \$500,000. The line bears interest at the bank's prime rate (4.25% at June 30, 2017) and is secured by UWLC's invested assets at the bank. The line is renewable on April 15, 2018. There were no amounts outstanding on the line as of June 30, 2017 and 2016.

8. RELATED PARTY TRANSACTIONS

During the periods ended June 30, 2017 and 2016, various board members' companies provided regular business services to UWLC in accordance with the approved conflict of interest policy. These services included advertising and marketing services.

UWLC's President retired effective January 15, 2015. UWLC engaged an Emeritus Board member to serve as Interim President who was paid contract service fees amounting to \$-0- (2017) and \$3,800 (2016). In August 2015, UWLC appointed a fellow Board member to assume the position of Interim President through December 31, 2015 on a volunteer basis. The fair value of volunteer services rendered amounting to \$17,897 is reflected in the Statement of Activities (see also Footnote 2). A permanent President was appointed on January 1, 2016.

9. OPERATING LEASE COMMITMENTS

UWLC leases certain office equipment under an operating lease. Minimum future lease payments required under the remaining lease are \$10,923 annually through 2021 and \$7,282 in 2019.

Rent expense under all leases was approximately \$14,000 in 2017 and \$15,000 in 2016.

10. NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>Restriction</u>	<u>2017</u>	<u>2016</u>
Capital Improvements	Purpose	\$ 417,201	\$ 377,181
Program and Outreach	Purpose	<u>122,915</u>	<u>94,428</u>
		<u>\$ 540,116</u>	<u>\$ 471,609</u>

There are no permanently restricted net assets.

11. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through November 16, 2017, the date the financial statements were available to be issued.

UNITED WAY OF LAKE COUNTY, INC.

SCHEDULE OF FUNDS AWARDED TO MEMBER AGENCIES AND OTHERS

FOR THE YEARS ENDED JUNE 30

	2017	2016
ALLOCATIONS		
American Red Cross	\$ 6,661	\$ 12,900
Arthritis Foundation, Great Lakes Region, Northeast Ohio	-	3,400
Beacon Health	46,972	53,806
Big Brothers Big Sisters of Northeast Ohio	60,241	59,700
Birthright, Lake Co.	6,500	6,500
Camp Sue Osborn	29,777	29,300
Catholic Charities Corporation	35,210	31,000
Child Care on the Square, Inc.	-	48,600
Crossroads	27,859	29,000
Eastlake Senior Center	2,303	3,200
Ecumenical Shelter Network of Lake County	57,220	52,600
Fairport Senior Center	3,016	3,800
Fine Arts Association	20,995	21,400
Forbes House	68,680	76,000
Girl Scouts of Northeast Ohio	-	4,900
Greater Western Reserve Council, Boy Scouts of America	26,866	32,900
Hospice of the Western Reserve, Inc.	32,200	35,000
Just Run Lake County/DAWN	12,300	-
Kidney Foundation of Ohio, Lake County Chapter	24,600	23,000
Lake Academy	5,183	5,100
Lake County Captains Charities	3,994	5,400
Lake County Community Network	18,830	21,300
Lake County Council on Aging	68,377	67,700
Lake County Free Clinic	126,017	135,600
Lake County General Health	-	14,800
Lake County YMCA	63,750	96,325
Lake Geauga Furniture Bank	3,400	-
Lake Health District Fund	13,000	3,700
Lake-Gauga Recovery Center, Inc.	104,588	108,871
Lifeline, Inc.	117,670	112,200
Madison Senior Center	1,848	2,200
Mentor Senior Center	6,584	7,300
New Directions for Living	35,470	40,800
Painesville Senior Center	-	2,600
Perry Senior Center	1,914	2,500
Salvation Army Citadel	104,456	114,100
Salvation Army Service Units	23,000	25,420
St. Vincent DePaul Society of St. John Vianney Church	-	3,800
Starting Point	22,243	22,800
Western Reserve Community Development	4,160	5,000
Western Reserve Counseling Service, Inc.	10,000	69,878
Wickliffe Senior Center	2,646	3,600
Willowick Senior Center	1,470	2,000
Total Allocations	<u>1,200,000</u>	<u>1,400,000</u>
GRANTS		
Women's Leadership	19,754	20,594
Youth United Way	15,000	10,000
Other	11,000	5,785
Solutions Panel	-	45,513
Grant Recovery (Child Care on the Square - 2016)	(39,550)	-
Total Grants	<u>6,204</u>	<u>81,892</u>
 Total Awarded Funds	 <u><u>\$ 1,206,204</u></u>	 <u><u>\$ 1,481,892</u></u>