

United Way  
of Greater  
Toledo




United Way  
of Greater Toledo

Years Ended  
June 30, 2017  
and 2016

Financial  
Statements

# UNITED WAY OF GREATER TOLEDO

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**INDEPENDENT AUDITORS' REPORT**

December 13, 2017

Board of Directors  
United Way of Greater Toledo  
Toledo, Ohio

We have audited the accompanying financial statements of the **United Way of Greater Toledo** (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

***Independent 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 auditor 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 Organization'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 Organization'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 Greater Toledo** as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Rehmann Robson LLC*

# UNITED WAY OF GREATER TOLEDO

## STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2017	2016
Cash and cash equivalents	\$ 562,007	\$ 375,199
Pledges receivable, less allowance for uncollectible pledges of \$470,221 in 2017 (\$497,463 in 2016)	3,605,540	4,069,967
Grant, contract and other receivables	161,763	120,955
Prepaid expenses and other assets	107,706	111,167
Investments	15,861,589	16,964,923
Beneficial interest in perpetual trust	1,737,412	1,569,067
Net property and equipment	5,860,738	6,103,062
<b>Total assets</b>	<b>\$ 27,896,755</b>	<b>\$ 29,314,340</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Lines of credit	\$ 1,960,690	\$ 3,824,945
Accounts payable and other	537,780	407,506
Deferred revenue	116,250	115,750
Retirement custodial fund	-	84,787
Community investments payable	3,718,627	4,423,273
Designations payable	1,295,231	1,256,830
<b>Total liabilities</b>	<b>7,628,578</b>	<b>10,113,091</b>
<b>Net assets</b>		
Unrestricted	16,698,861	15,235,597
Temporarily restricted	946,321	1,511,002
Permanently restricted	2,622,995	2,454,650
<b>Total net assets</b>	<b>20,268,177</b>	<b>19,201,249</b>
<b>Total liabilities and net assets</b>	<b>\$ 27,896,755</b>	<b>\$ 29,314,340</b>

The accompanying notes are an integral part of these financial statements.

# UNITED WAY OF GREATER TOLEDO

## STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Public support and revenue and gains</b>				
Gross campaign revenue	\$ 9,376,502	\$ 691,406	\$ -	\$ 10,067,908
Grants and contracts	745,956	-	-	745,956
<b>Gross revenue under management</b>	<b>10,122,458</b>	<b>691,406</b>	<b>-</b>	<b>10,813,864</b>
Pledges received for future campaigns	-	123,022	-	123,022
Less donor designations	(2,108,604)	-	-	(2,108,604)
Less provision for uncollectible pledges	(349,077)	-	-	(349,077)
<b>Net revenue under management</b>	<b>7,664,777</b>	<b>814,428</b>	<b>-</b>	<b>8,479,205</b>
Net realized and unrealized gain (loss) on investments	1,071,702	-	-	1,071,702
Change in value of beneficial interest in perpetual trust	-	-	168,345	168,345
Investment income	519,829	-	-	519,829
Miscellaneous	40,028	-	-	40,028
Net assets released from restrictions	1,379,109	(1,379,109)	-	-
<b>Total public support and revenue and gains</b>	<b>10,675,445</b>	<b>(564,681)</b>	<b>168,345</b>	<b>10,279,109</b>
<b>Community investments and expenses</b>				
Program services				
Gross investments in community	6,212,384	-	-	6,212,384
Less donor designations	(2,108,604)	-	-	(2,108,604)
Net investments in community programs	4,103,780	-	-	4,103,780
Community support services	3,035,741	-	-	3,035,741
<b>Total program services</b>	<b>7,139,521</b>	<b>-</b>	<b>-</b>	<b>7,139,521</b>
Supporting services				
Resource development	1,294,511	-	-	1,294,511
Administration	778,149	-	-	778,149
<b>Total supporting services</b>	<b>2,072,660</b>	<b>-</b>	<b>-</b>	<b>2,072,660</b>
<b>Total expenses</b>	<b>9,212,181</b>	<b>-</b>	<b>-</b>	<b>9,212,181</b>
<b>Changes in net assets</b>	<b>1,463,264</b>	<b>(564,681)</b>	<b>168,345</b>	<b>1,066,928</b>
Net assets, beginning of year	15,235,597	1,511,002	2,454,650	19,201,249
<b>Net assets, end of year</b>	<b>\$ 16,698,861</b>	<b>\$ 946,321</b>	<b>\$ 2,622,995</b>	<b>\$ 20,268,177</b>

The accompanying notes are an integral part of these financial statements.

Year Ended June 30, 2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 9,293,498	\$ 1,318,442	\$ -	\$ 10,611,940
877,575	-	-	877,575
<b>10,171,073</b>	<b>1,318,442</b>	<b>-</b>	<b>11,489,515</b>
-	129,298	-	129,298
(2,111,447)	-	-	(2,111,447)
(476,210)	-	-	(476,210)
<b>7,583,416</b>	<b>1,447,740</b>	<b>-</b>	<b>9,031,156</b>
(684,135)	-	-	(684,135)
-	-	(85,436)	(85,436)
924,838	-	-	924,838
-	-	-	-
1,853,128	(1,853,128)	-	-
<b>9,677,247</b>	<b>(405,388)</b>	<b>(85,436)</b>	<b>9,186,423</b>
7,093,717	-	-	7,093,717
(2,111,447)	-	-	(2,111,447)
4,982,270	-	-	4,982,270
<b>3,582,108</b>	<b>-</b>	<b>-</b>	<b>3,582,108</b>
<b>8,564,378</b>	<b>-</b>	<b>-</b>	<b>8,564,378</b>
1,369,123	-	-	1,369,123
745,899	-	-	745,899
<b>2,115,022</b>	<b>-</b>	<b>-</b>	<b>2,115,022</b>
<b>10,679,400</b>	<b>-</b>	<b>-</b>	<b>10,679,400</b>
(1,002,153)	(405,388)	(85,436)	(1,492,977)
16,237,750	1,916,390	2,540,086	20,694,226
<b>\$ 15,235,597</b>	<b>\$ 1,511,002</b>	<b>\$ 2,454,650</b>	<b>\$ 19,201,249</b>

UNITED WAY OF GREATER TOLEDO

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	Year Ended June 30, 2017										2016 Comparative Totals	
	Program Services						Support Services			2017 Total		
	Community Impact, Leadership and Support	United Way 2-1-1 & Coordinated Assessment	United Way Free Tax Preparation	United Way AmeriCorps Graduation Coaches	Schools as Community Hubs	Other	Total Program Services	Resource Development	Administration			Total Supporting Services
Community investments												
Gross investments in community	\$ 5,829,883	\$ -	\$ -	\$ -	\$ 282,501	\$ 100,000	\$ 6,212,384	\$ -	\$ -	\$ -	\$ 6,212,384	\$ 7,093,717
Less donor designations	(2,108,604)	-	-	-	-	-	(2,108,604)	-	-	-	(2,108,604)	(2,111,447)
Net investments in community programs	<u>3,721,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,501</u>	<u>100,000</u>	<u>4,103,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,103,780</u>	<u>4,982,270</u>
Salaries and employee benefits												
Salaries	883,645	90,237	71,420		25,704	47,358	1,118,364	718,892	446,289	1,165,181	2,283,545	2,451,027
Salaries related to grants and contracts	-	26,219	-	18,357	-	12,898	57,474	-	-	-	57,474	582,894
Employee benefits	131,527	13,485	7,501	1,102	2,207	5,407	161,229	99,423	79,363	178,786	340,015	510,679
Payroll taxes and other	80,695	23,227	5,904	2,418	1,764	2,930	116,938	61,078	32,523	93,601	210,539	253,243
Total salaries and employee benefits	<u>1,095,867</u>	<u>153,168</u>	<u>84,825</u>	<u>21,877</u>	<u>29,675</u>	<u>68,593</u>	<u>1,454,005</u>	<u>879,393</u>	<u>558,175</u>	<u>1,437,568</u>	<u>2,891,573</u>	<u>3,797,843</u>
Other expenses												
Contract services	183,237	460,016	19,715	801	51,017	12,844	727,630	80,939	67,584	148,523	876,153	389,720
Professional services	57,547	4,366	6,735	-	864	303	69,815	18,815	7,056	25,871	95,686	139,900
Office and general	188,003	4,731	4,685	1,225	651	8,121	207,416	104,964	19,761	124,725	332,141	300,167
Occupancy	76,201	-	2,562	1,239	713	1,048	81,763	38,639	18,433	57,072	138,835	146,229
Property & casualty insurance	12,366	1,235	932	417	133	485	15,568	15,347	5,150	20,497	36,065	38,980
Mileage and meals	10,485	671	949	22	94	131	12,352	12,494	969	13,463	25,815	33,138
Professional development	6,506	1,983	-	143	385	438	9,455	4,054	6,134	10,188	19,643	36,225
Annual event and other meetings	21,911	762	2,809	29	1,353	7,414	34,278	20,901	2,516	23,417	57,695	116,525
Professional memberships and subscriptions	6,036	4,877	303	-	93	3	11,312	4,164	1,852	6,016	17,328	16,442
Advertising	30,678	-	1,673	-	-	440	32,791	22,021	-	22,021	54,812	52,375
Credit card and bank charges	2,319	1,960	840	-	280	201	5,600	864	35,120	35,984	41,584	55,410
Equipment, repairs, and maintenance	30,576	-	2,422	-	-	-	32,998	10,809	4,381	15,190	48,188	50,101
United Way Worldwide dues	45,926	16,198	3,238	631	2,089	-	68,082	30,107	18,042	48,149	116,231	115,676
Interest	35,156	-	3,458	-	-	-	38,614	13,832	5,187	19,019	57,633	39,242
Depreciation	170,267	-	8,876	1,729	5,726	-	186,598	35,168	23,463	58,631	245,229	294,992
Specific assistance	-	27,347	-	-	-	-	27,347	-	-	-	27,347	36,450
Miscellaneous	14,093	239	313	-	40	5,432	20,117	2,000	4,326	6,326	26,443	37,715
Total other expenses	<u>891,307</u>	<u>524,385</u>	<u>59,510</u>	<u>6,236</u>	<u>63,438</u>	<u>36,860</u>	<u>1,581,736</u>	<u>415,118</u>	<u>219,974</u>	<u>635,092</u>	<u>2,216,828</u>	<u>1,899,287</u>
Total salaries and employee benefits and other expenses	<u>1,987,174</u>	<u>677,553</u>	<u>144,335</u>	<u>28,113</u>	<u>93,113</u>	<u>105,453</u>	<u>3,035,741</u>	<u>1,294,511</u>	<u>778,149</u>	<u>2,072,660</u>	<u>5,108,401</u>	<u>5,697,130</u>
Total expenses	<u>\$ 5,708,453</u>	<u>\$ 677,553</u>	<u>\$ 144,335</u>	<u>\$ 28,113</u>	<u>\$ 375,614</u>	<u>\$ 205,453</u>	<u>\$ 7,139,521</u>	<u>\$ 1,294,511</u>	<u>\$ 778,149</u>	<u>\$ 2,072,660</u>	<u>\$ 9,212,181</u>	<u>\$ 10,679,400</u>

The accompanying notes are an integral part of these financial statements.



UNITED WAY OF GREATER TOLEDO

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	Year Ended June 30, 2016											
	Program Services							Support Services			2016 Total	
	Community Impact, Leadership and Support	United Way 2-1-1	United Way Coordinated Assessment	United Way Free Tax Preparation	United Way AmeriCorps Graduation Coaches	Schools as Community Hubs	Other	Total Program Services	Resource Development	Administration		Total Supporting Services
<b>Community investments</b>												
Gross investments in community	\$ 6,802,704	\$ -	\$ -	\$ -	\$ -	\$ 255,000	\$ 36,013	\$ 7,093,717	\$ -	\$ -	\$ -	\$ 7,093,717
Less donor designations	(2,111,447)	-	-	-	-	-	-	(2,111,447)	-	-	-	(2,111,447)
<b>Net investments in community programs</b>	<b>4,691,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,000</b>	<b>36,013</b>	<b>4,982,270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,982,270</b>
<b>Salaries and employee benefits</b>												
Salaries	862,453	149,102	165,698	62,870	48,682	17,314	9,073	1,315,192	734,593	401,242	1,135,835	2,451,027
Salaries related to grants and contracts	-	310,741	-	-	272,153	-	-	582,894	-	-	-	582,894
Employee benefits	137,302	96,177	28,176	8,301	38,579	1,932	1,439	311,908	116,322	82,449	198,771	510,679
Payroll taxes and other	72,971	38,956	14,039	6,774	25,199	1,270	687	159,897	63,475	29,870	93,346	253,243
<b>Total salaries and employee benefits</b>	<b>1,072,727</b>	<b>594,977</b>	<b>207,913</b>	<b>77,945</b>	<b>384,613</b>	<b>20,517</b>	<b>11,199</b>	<b>2,369,891</b>	<b>914,390</b>	<b>513,562</b>	<b>1,427,952</b>	<b>3,797,843</b>
<b>Other expenses</b>												
Contract services	117,249	62,216	15,108	15,463	28,008	41,554	5,884	285,482	76,876	27,362	104,238	389,720
Professional services	29,620	22,590	5,996	3,378	4,149	766	309	66,808	21,218	51,874	73,092	139,900
Office and general	113,400	34,602	4,119	5,144	5,091	434	8,164	170,954	111,100	18,113	129,213	300,167
Occupancy	52,802	25,297	5,400	1,833	2,992	460	314	89,098	37,403	19,728	57,131	146,229
Property & casualty insurance	11,078	6,691	1,408	597	1,085	100	212	21,171	13,762	4,047	17,809	38,980
Mileage and meals	13,613	1,548	387	1,185	635	119	387	17,874	14,152	1,112	15,264	33,138
Professional development	20,621	414	1,553	205	690	3,397	97	26,977	3,278	5,970	9,248	36,225
Annual event and other meetings	53,094	1,652	228	2,808	1,672	514	6,125	66,093	47,728	2,704	50,432	116,525
Professional memberships and subscriptions	5,865	2,728	1,487	365	69	38	1,504	12,056	3,399	987	4,386	16,442
Advertising	30,573	-	-	1,999	-	-	-	32,572	19,803	-	19,803	52,375
Credit card and bank charges	2,203	1,469	1,102	1,102	734	367	368	7,345	1,995	46,070	48,065	55,410
Equipment, repairs, and maintenance	11,046	14,431	2,278	759	6,644	-	-	35,158	10,728	4,215	14,943	50,101
United Way Worldwide dues	34,934	17,936	5,481	2,493	9,597	1,497	-	71,938	28,389	15,349	43,738	115,676
Interest	11,411	10,231	2,361	787	1,574	-	-	26,364	9,244	3,634	12,878	39,242
Depreciation	108,082	55,450	16,954	7,712	29,708	4,637	-	222,543	43,343	29,106	72,449	294,992
Specific assistance	-	36,450	-	-	-	-	-	36,450	-	-	-	36,450
Miscellaneous	16,593	4,401	1,168	340	640	158	34	23,334	12,315	2,066	14,381	37,715
<b>Total other expenses</b>	<b>632,184</b>	<b>298,106</b>	<b>65,030</b>	<b>46,170</b>	<b>93,288</b>	<b>54,041</b>	<b>23,398</b>	<b>1,212,217</b>	<b>454,733</b>	<b>232,337</b>	<b>687,070</b>	<b>1,899,287</b>
<b>Total salaries and employee benefits and other expenses</b>	<b>1,704,911</b>	<b>893,083</b>	<b>272,943</b>	<b>124,115</b>	<b>477,901</b>	<b>74,558</b>	<b>34,597</b>	<b>3,582,108</b>	<b>1,369,123</b>	<b>745,899</b>	<b>2,115,022</b>	<b>5,697,130</b>
<b>Total expenses</b>	<b>\$ 6,396,168</b>	<b>\$ 893,083</b>	<b>\$ 272,943</b>	<b>\$ 124,115</b>	<b>\$ 477,901</b>	<b>\$ 329,558</b>	<b>\$ 70,610</b>	<b>\$ 8,564,378</b>	<b>\$ 1,369,123</b>	<b>\$ 745,899</b>	<b>\$ 2,115,022</b>	<b>\$ 10,679,400</b>

The accompanying notes are an integral part of these financial statements.

# UNITED WAY OF GREATER TOLEDO

## STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2017	2016
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 1,066,928	\$ (1,492,977)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Net realized and unrealized (gain) loss on investments	(1,071,702)	684,135
Change in value of beneficial interest in perpetual trust	(168,345)	85,436
Provision for uncollectible pledges	349,077	476,210
Depreciation	245,229	294,992
Changes in operating assets and liabilities which provided (used) cash		
Pledges receivable	115,350	(64,768)
Grant, contract and other receivables	(40,808)	52,510
Prepaid expenses and other assets	3,461	9,836
Accounts payable and other	130,274	(31,580)
Retirement custodial fund	(84,787)	(419)
Community investments payable and designations payable	(666,245)	(108,132)
Deferred revenue	500	15,750
<b>Net cash used in operating activities</b>	<b>(121,068)</b>	<b>(79,007)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(2,905)	(38,165)
Purchases of investments	(444,538)	(851,853)
Proceeds from sales of investments	2,619,574	193,708
<b>Net cash provided by (used in) investing activities</b>	<b>2,172,131</b>	<b>(696,310)</b>
<b>Cash (used in) provided by financing activities</b>		
Net (repayments) borrowings on lines of credit	(1,864,255)	811,446
<b>Net increase in cash and cash equivalents</b>	<b>186,808</b>	<b>36,129</b>
Cash and cash equivalents, beginning of the year	375,199	339,070
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 562,007</b>	<b>\$ 375,199</b>
<b>Supplemental disclosures of cash flows information</b>		
Interest paid	\$ 57,633	\$ 39,242

The accompanying notes are an integral part of these financial statements.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

United Way of Greater Toledo (the "Organization") is a nonprofit charitable entity, incorporated in May 1918, governed by a volunteer Board of Directors (the "Board"). The Organization licenses its name and trademark from United Way Worldwide, and operates autonomously.

The Organization's mission is to change lives by mobilizing the caring power of the community. The Organization unites people and resources to improve lives in Lucas, Wood, and Ottawa counties with a focus on education, income, and health - the building blocks for a good quality of life.

In July 2014, the Board affirmed a five-year strategic plan focused on revenue, relationships, and operational excellence to guide the work of the Organization and drive results of the Live United 2020 Goals.

To maximize community impact, United Way staff and volunteers work to discover community conditions in need of improvement, design and build long-term solutions in partnership with others, and measure and share results. To achieve Live United 2020 Goals, United Way staff and volunteers work in conjunction to identify, prioritize and strategically invest in more than 80 key community programs. Programs are monitored throughout the year to ensure desired outcomes are met.

In support of this work, the Organization raises funds in Lucas, Wood and Ottawa counties throughout the year. Funds are primarily raised through employer/workplace giving campaigns in the private and public sectors, and from individuals who are solicited and contribute directly. Grants from public and private sources, planned gifts, and special event revenue are also solicited. Donors are encouraged to designate their gift to United Way in support of the Live United 2020 Goals. Donors may also designate their gift to any qualifying non-profit organization recognized by the Internal Revenue Service as eligible to receive tax-exempt donations.

The Organization also engages volunteers to serve the community with a focus on education, income, and health priorities that align with Live United 2020 Goals.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### Basis of Presentation

The Organization has classified information regarding its financial position and activities according to three classes of net assets depending on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

**Unrestricted:** Unrestricted net assets are not restricted by funding source or donor, or the funding source requirements or donor-imposed restrictions have expired.

**Temporarily Restricted:** Temporarily restricted net assets contain funding source or donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied by either the passage of time or the actions of the Organization and are reported as reclassifications between the applicable classes of net assets.

**Permanently Restricted:** Permanently restricted net assets contain funding source or donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

### Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in these financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the allowance for uncollectible pledges.

### Cash and Cash Equivalents

The Organization considers all highly liquid short-term investments with a maturity of three months or less when purchased to be cash equivalents, except that such investments purchased for a long-term purpose are classified as investments. The Organization maintains cash deposits with financial institutions in amounts, which at times, may exceed the federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 2 to the financial statements.

### Pledges Receivable and Campaign Revenue Recognition

Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Annual campaigns are conducted each year to support community investments in participating local programs. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Campaign collections and pledge receivables related to future campaigns are reported as temporarily restricted. The Organization has recorded an allowance for uncollectible pledges equal to management's estimate of pledges which ultimately will not be collected. This estimate is based on historical collection experience and current economic conditions. It is reasonably possible that the Organization's estimate of the allowance for uncollectible pledges will change. Uncollectible amounts that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a reduction in pledges receivable.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

Designations payable represent amounts received with specific donor designations to external organizations. These funds are reported in gross campaign revenues for the Organization, but are eliminated from net revenue under management. As required by GAAP, such amounts are reported as a liability until forwarded to the designated agency or other qualifying organization.

### Grant Revenue Recognition

Grants are recorded as revenue when all events and/or conditions thereof have been met as determined by the funding organization. Deferred revenue is recorded if monies are received but not expended. A grant receivable is recorded if all events and/or conditions thereof have been met but the related grant proceeds were not yet received at the end of the year.

### Investments and Beneficial Interest in Perpetual Trust

Investments securities purchased are initially recorded at cost. Thereafter, the carrying values of such investments are adjusted to fair values which are determined using published exchange market quotations where applicable or estimated fair values provided by external investment managers or other sources. The net realized appreciation (depreciation) in fair value of investments is reflected in the statement of activities. Investment income and net appreciation/depreciation derived from interest and dividends is included in unrestricted operations, unless their use is restricted by explicit donor imposed restriction or law.

The Organization is the income beneficiary of a perpetual trust held and administered by an outside fiscal agent. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity, but will never receive the assets held in trust. The present value of the estimated future cash receipts from the trust is recognized as an asset and permanently restricted contributed support at the date the trust is established. Distributions from the trust are recorded as investment income, and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts.

### Property and Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at estimated fair value at the date of donation. Major improvements and renewals which exceed \$1,000 are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets to determine whether carrying values have been impaired.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39 years.

### Donated Services

A significant portion of the Organization's functions are conducted by unpaid board members and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### Community Investments Payable

The Organization pays community investments related to each campaign based on a 12-month disbursement period, running from July 1 to June 30.

### Advertising

The costs of advertising are expensed as incurred. The Organization incurred \$54,812 in advertising costs during 2017 and \$52,375 in 2016.

### Functional Allocation of Expenses

Expenses have been charged directly to program services and the supporting services based on specific identification, space utilized, or salaries, whichever is more appropriate. Indirect expenses have been allocated among the program services and the supporting services benefited. Although the methods of allocation used are considered reasonable, other methods could be used and produce different amounts.

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state and local income taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemptions do not apply to "unrelated business taxable income".

The Organization has evaluated its income tax filing positions for fiscal years 2014 through 2017, the years which remain subject to examination as of June 30, 2017. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2017 and 2016, and is not aware of any claims for such amounts by federal or state income tax authorities.

### Subsequent Events

In preparing these financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2017, the most recent statement of financial position presented herein, through December 13, 2017, the date these financial statements were available to be issued. No such significant transactions or events were identified.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Investments and the beneficial interest in perpetual trust are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. For financial assets recorded at fair value, the description includes an indication of the level of the fair value hierarchy in which the assets are classified.

#### **Money Market Funds**

The carrying amounts of money market funds approximate fair values.

#### **Investments**

Mutual funds, U.S. stocks and U.S. government agency bonds are recorded at fair value on a recurring basis. Fair value measurement for mutual funds and U.S. stocks is based upon quoted prices. Level 1 investments include those traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 investments include U.S. government agency bonds that are estimated using a model-driven system to calculate prices. More specifically, the model estimates the spread at which bonds of similar quality and maturity should be trading with respect to treasury securities of the same maturity. Based on their spread (yield difference versus treasury securities) the value is then calculated using the standard yield-to-maturity formula.

#### **Beneficial Interest in Perpetual Trust**

The Organization classifies the beneficial interest in perpetual trust as Level 3 in the fair value hierarchy. The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active markets are available for this asset. As a practical expedient, the carrying value of this asset is deemed equal to the Organization's proportionate share of the fair value of the total investments held in the trust as provided by external advisors.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of the assets measured at fair value on a recurring basis as of June 30:

2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market	\$ 89,960	\$ -	\$ -	\$ 89,960
Mutual funds				
Equity				
Large-cap	2,865,241	-	-	2,865,241
Mid-small cap	1,761,718	-	-	1,761,718
Developed international	1,615,586	-	-	1,615,586
Emerging market	1,265,260	-	-	1,265,260
U.S. real estate	932,890	-	-	932,890
Energy/commodity	351,453	-	-	351,453
Precious metal	397,858	-	-	397,858
Fixed income				
Intermediate-term bond	700,802	-	-	700,802
Short-term bond	491,995	-	-	491,995
International bond	1,657,861	-	-	1,657,861
U.S. stocks	2,402,601	-	-	2,402,601
U.S. government agency bonds	-	1,328,364	-	1,328,364
<b>Total investments carried at fair value</b>	<b>\$ 14,533,225</b>	<b>\$ 1,328,364</b>	<b>\$ -</b>	<b>\$ 15,861,589</b>
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 1,737,412	\$ 1,737,412

2016	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,044,187	\$ -	\$ -	\$ 1,044,187
Mutual funds				
Equity				
Large-cap	3,106,395	-	-	3,106,395
Mid-small cap	1,952,405	-	-	1,952,405
Developed international	1,790,321	-	-	1,790,321
Emerging market	685,976	-	-	685,976
U.S. real estate	1,337,675	-	-	1,337,675
Energy/commodity	144,365	-	-	144,365
Precious metal	533,978	-	-	533,978
Fixed income				
Intermediate-term bond	703,133	-	-	703,133
Short-term bond	492,514	-	-	492,514
International bond	1,828,406	-	-	1,828,406
U.S. stocks	2,175,986	-	-	2,175,986
U.S. government agency bonds	-	1,169,582	-	1,169,582
<b>Total investments carried at fair value</b>	<b>\$ 15,795,341</b>	<b>\$ 1,169,582</b>	<b>\$ -</b>	<b>\$ 16,964,923</b>
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 1,569,067	\$ 1,569,067

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets measured at fair value on a recurring basis as of June 30:

	Beneficial Interest in Perpetual Trust	
	2017	2016
Balance, at beginning of year	\$ 1,569,067	\$ 1,654,503
Change in value of trust assets	<u>168,345</u>	<u>(85,436)</u>
Balance, at end of year	<u>\$ 1,737,412</u>	<u>\$ 1,569,067</u>

Investment management fees amounted to \$78,397 in 2017 and \$76,650 in 2016. Certain investments are pledged as collateral for the Organization's lines of credit (see Note 5).

### 3. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is one of the beneficiaries of a trust held by a local foundation. Under the trust agreement, the Organization is entitled to receive 25% of the income generated from this trust. As the trust is irrevocable, the Organization has recorded 25% of the fair value of the trust's assets as a beneficial interest in perpetual trust and a permanently restricted net asset. The Organization received approximately \$70,000 of income from the trust during 2017 and approximately \$68,000 during 2016. This revenue has been included as investment income in these financial statements.

### 4. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2017	2016
<b>Property and equipment</b>		
Land and improvements	\$ 405,534	\$ 405,534
Buildings	7,182,647	7,182,647
Furniture and equipment	<u>884,532</u>	<u>963,154</u>
Total	8,472,713	8,551,335
Less accumulated depreciation	<u>2,611,975</u>	<u>2,448,273</u>
Net property and equipment	<u>\$ 5,860,738</u>	<u>\$ 6,103,062</u>

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### 5. LINES OF CREDIT

The Organization has a \$3,000,000 demand revolving line of credit with a bank for working capital purposes and a \$3,000,000 non-revolving demand line of credit with a bank related to the financing of its operating facility. Interest at 30-day LIBOR plus 0.8% (2.0% at June 30, 2017 and 1.3% at June 30, 2016) on both lines of credit is payable monthly. There were no amounts outstanding under the first line of credit agreement at June 30, 2017, and there was \$1,550,000 outstanding under the first line of credit agreement at June 30, 2016. The amount outstanding under the second line of credit agreement was \$1,960,690 at June 30, 2017 and \$2,274,945 at June 30, 2016. The borrowings are due on demand and subject to review annually.

The lines of credit are secured by a portfolio of certain investment accounts of the Organization (\$13,365,519 at June 30, 2017). The agreements require the Organization to maintain a loan (outstanding principal and interest owed) to collateral value not to exceed 65% of the investment market value.

### 6. LEASES

The Organization leases certain equipment and office space from unrelated parties under operating lease agreements. Rent expense incurred was approximately \$59,000 and \$66,000 for the years ended June 30, 2017 and 2016, respectively.

The following is a schedule of annual future minimum lease payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2017:

Year	Amount
2018	\$ 55,529
2019	46,398
2020	38,150
2021	30,022
2022	<u>9,410</u>
	<u>\$ 179,509</u>

### 7. RETIREMENT PLANS

The Organization and 37 nonprofit agencies in the Greater Toledo area participate in The Defined Benefit Pension Plan of United Way of Greater Toledo and Affiliated Agencies (the "Plan"), a defined benefit retirement plan which is accounted for as a multiemployer plan. The Plan covers eligible employees twenty-one years of age or older who had completed one year of continuous employment prior to December 31, 2003.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

In September 2003, the Board approved an amendment to the Plan which provided that benefit accrual service ceased to accrue for any participant as of December 31, 2003, and that final average earnings will not include any compensation earned by any participant after that date. The frozen Plan and corresponding trust will remain in existence as long as necessary to pay accumulated Plan benefits.

Since the Plan is an Eligible Charity Plan ("ECP"), the Plan is not subject to the minimum funding standards contained in the Pension Protection Act of 2006 until the first plan year for which the Plan ceases to be an ECP. The Board has established a funding policy which requires contributions to meet or exceed the minimum funding requirement.

At January 1, 2017, the value of the Plan's assets exceeds the current liability of \$38,996,458. The current liability represents the present value of accumulated plan benefits computed using certain interest rate assumptions that are prescribed by Pension Protection Act ("PPA"). The funding is determined by the actuary and is allocated based on employee liability among United Way and the participating agencies. In the event of nonpayment by a participating agency, the remaining participating agencies of the Plan may be liable to meet the minimum contribution required by the PPA.

The actuarial present value of accumulated Plan benefits was \$38,924,842 as of the January 1, 2017 valuation date, the most recent information available. The fair value of the Plan's investments was \$40,079,820 as of December 31, 2016. Plan assets are invested based on a long-term investment strategy and held approximately 24% in fixed income securities and 76% in equity accounts as of December 31, 2016.

As of December 31, 2016, 89 of the approximately 1,400 total participants were from the Organization. Contributions were required to be made to the Plan for 2017 and 2016. The Organization's share of the required contributions was approximately \$106,000 in both 2017 and 2016, which represents more than 5% of the total Plan contributions for each of those years.

On April 1, 2015, the Organization executed a new retirement savings plan exclusive to its eligible employees twenty-one years of age or older who have completed one year of service. The Organization makes biweekly contributions equal to 2% of an eligible employee's salary. In addition, employee voluntary contributions are matched dollar for dollar by the Organization up to 3%. Total expense related to the plan amounted to approximately \$115,000 in fiscal 2017 and \$143,000 in fiscal 2016.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

### 8. RELATED PARTY TRANSACTIONS

The Organization is a member of United Way Worldwide. Membership dues paid to this organization amounted to \$116,231 in 2017 and \$115,676 in 2016. The Organization also paid fees to United Way Worldwide in the amount of \$1,184 in 2017 and \$2,000 in 2016 for training and development, \$10,000 in 2017 and \$3,000 in 2016 for leased employees, and \$2,075 in 2016 for marketing and promotional items.

The Organization utilizes certain information technology services provided by a shared service provider to United Way organizations. Fees paid to this service provider amounted to \$144,266 in 2017 and \$181,466 in 2016.

### 9. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30:

	2017	2016
Pledges received for future campaigns	\$ 123,022	\$ 129,298
Pledges received which have been restricted by the donor for a particular purpose	<u>823,299</u>	<u>1,381,704</u>
	<u>\$ 946,321</u>	<u>\$ 1,511,002</u>

Permanently restricted net assets are available for the following purposes as of June 30:

	2017	2016
Beneficial interest in perpetual trust	\$ 1,737,412	\$ 1,569,067
Donor endowment funds	<u>885,583</u>	<u>885,583</u>
	<u>\$ 2,622,995</u>	<u>\$ 2,454,650</u>

### 10. ENDOWMENT FUNDS

The Organization's endowment funds consist of several individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board considers donor restrictions on endowments to be the relevant law underlying the net asset classification of donor-restricted endowment funds. Accordingly, the Organization classifies as permanently restricted net assets the original value of the gift donated to the permanent endowment. The remaining portion of the endowment fund is classified as unrestricted net assets.

# UNITED WAY OF GREATER TOLEDO

## NOTES TO FINANCIAL STATEMENTS

Investment return objectives, risk parameters and strategies: The Organization has adopted investment and spending policies, approved by the Board, to preserve capital while at the same time making the maximum prudent portion of the earnings and appreciation of the corpus of the endowment funds available to support current activities. The Board has charged the Audit/Finance Committee with overseeing the investment of the endowment funds and balancing the goals of capital preservation and income to support current activities.

The current asset allocation of investments is 65% - 85% equity and 15% - 35% fixed income securities. This allocation was chosen to reflect the long-term nature of the endowment and the need to generate a satisfactory investment return. The equity portfolio will be generally structured using asset class diversification with the intent of reducing some specific risks inherent in equity investing.

Spending policy: The Organization's spending policy related to endowment assets is to distribute funds in accordance with the donor's stated intent.

Net asset balances permanently restricted by donors are as follows as of June 30, 2017 and 2016:

Operations of the Organization	
Fund for the Future	\$ 80,981
William Winkle	704,602
John and Hope Eastman Fund	<u>100,000</u>
	<u>\$ 885,583</u>

### Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

2017	Unrestricted	Permanently Restricted	Total
Donor-restricted	<u>\$ 356,970</u>	<u>\$ 885,583</u>	<u>\$ 1,242,553</u>

### Changes in Endowment Assets for the Year Ended June 30, 2017:

2017	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 203,026	\$ 885,583	\$ 1,088,609
Investment gains	159,262	-	159,262
Appropriation of endowment for expenditure	<u>(5,318)</u>	<u>-</u>	<u>(5,318)</u>
Endowment net assets, end of year	<u>\$ 356,970</u>	<u>\$ 885,583</u>	<u>\$ 1,242,553</u>

# UNITED WAY OF GREATER TOLEDO

## ■ NOTES TO FINANCIAL STATEMENTS

### Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

2016	Unrestricted	Permanently Restricted	Total
Donor-restricted	<u>\$ 203,026</u>	<u>\$ 885,583</u>	<u>\$ 1,088,609</u>

### Changes in Endowment Assets for the Year Ended June 30, 2016:

2016	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 282,691	\$ 885,583	\$ 1,168,274
Investment losses	(74,511)	-	(74,511)
Appropriation of endowment for expenditure	<u>(5,154)</u>	<u>-</u>	<u>(5,154)</u>
Endowment net assets, end of year	<u>\$ 203,026</u>	<u>\$ 885,583</u>	<u>\$ 1,088,609</u>

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