

Capital Area  
United Way,  
Inc.

United  
Way



Capital Area United Way

Years Ended  
June 30,  
2017 and 2016

Financial  
Statements  
and  
Supplemental  
Information

# CAPITAL AREA UNITED WAY, INC.

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**INDEPENDENT AUDITORS' REPORT**

November 13, 2017

Board of Directors  
Capital Area United Way, Inc.  
Lansing, Michigan

We have audited the accompanying financial statements of *Capital Area United Way, Inc.* (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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 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 *Capital Area United Way, Inc.* 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.



# CAPITAL AREA UNITED WAY, INC.

## STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2017	2016
Cash and cash equivalents	\$ 1,092,022	\$ 445,431
Pledges receivable - current campaign, less allowance for uncollectible pledges of \$169,610 in 2017 and \$137,526 in 2016	1,265,348	1,277,038
Grants and other receivables	1,023	61,889
Prepaid expenses and other assets	24,430	15,907
Beneficial interest in assets held by Community Foundation	2,594,377	2,388,549
Office furniture and equipment, net of accumulated depreciation of \$71,094 in 2017 and \$66,998 in 2016	18,109	14,661
<b>Total assets</b>	<b>\$4,995,309</b>	<b>\$4,203,475</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 211,530	\$ 304,630
Designations payable	655,224	509,161
Agency allocations payable	758,642	706,423
Combined federal campaign payable	28,606	38,191
<b>Total liabilities</b>	<b>1,654,002</b>	<b>1,558,405</b>
Commitments (Notes 8 and 10)		
<b>Net assets</b>		
Unrestricted		
Beneficial interest in assets held at Community Foundation	2,594,377	2,388,549
Board designated contingency reserve	438,579	431,418
Net investment in office furniture and equipment	18,109	14,661
Undesignated assets (deficit)	264,114	(213,388)
Total unrestricted	3,315,179	2,621,240
Temporarily restricted	26,128	23,830
<b>Total net assets</b>	<b>3,341,307</b>	<b>2,645,070</b>
<b>Total liabilities and net assets</b>	<b>\$4,995,309</b>	<b>\$4,203,475</b>

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

# CAPITAL AREA UNITED WAY, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, support and gains</b>			
Gross campaign results	\$ 3,520,741	\$ -	\$ 3,520,741
Adjustments related to prior campaign estimates	4,385	-	4,385
<b>Total campaign results</b>	<b>3,525,126</b>	<b>-</b>	<b>3,525,126</b>
Less donor designations	(1,208,993)	-	(1,208,993)
Less provision for uncollectible pledges	(166,838)	-	(166,838)
<b>Net campaign revenue</b>	<b>2,149,295</b>	<b>-</b>	<b>2,149,295</b>
Donor designation fees and reimbursed expenses	214,900	-	214,900
In-kind contributions	141,282	-	141,282
Grant and bequest revenue	214,710	162,822	377,532
Interest income	818	-	818
Change in beneficial interest	297,658	-	297,658
Miscellaneous income	1,107	-	1,107
Contribution received in donation of Eaton County United Way	290,494	-	290,494
Net assets released from restrictions	160,524	(160,524)	-
<b>Total revenues, support and gains</b>	<b>3,470,788</b>	<b>2,298</b>	<b>3,473,086</b>
<b>Expenses</b>			
<b>Program services</b>			
Funds allocated to partner agencies	708,740	-	708,740
Agency relations	1,324,543	-	1,324,543
<b>Total program services</b>	<b>2,033,283</b>	<b>-</b>	<b>2,033,283</b>
<b>Supporting services</b>			
Management and general	314,748	-	314,748
Fundraising	428,818	-	428,818
<b>Total supporting services</b>	<b>743,566</b>	<b>-</b>	<b>743,566</b>
<b>Total expenses</b>	<b>2,776,849</b>	<b>-</b>	<b>2,776,849</b>
<b>Change in net assets</b>	<b>693,939</b>	<b>2,298</b>	<b>696,237</b>
Net assets, beginning of year	2,621,240	23,830	2,645,070
<b>Net assets, end of year</b>	<b>\$3,315,179</b>	<b>\$ 26,128</b>	<b>\$3,341,307</b>

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

# CAPITAL AREA UNITED WAY, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, support and gains</b>			
Gross campaign results	\$ 3,431,527	\$ -	\$ 3,431,527
Adjustments related to prior campaign estimates	12,583	-	12,583
<b>Total campaign results</b>	<b>3,444,110</b>	<b>-</b>	<b>3,444,110</b>
Less donor designations	(1,446,251)	-	(1,446,251)
Less provision for uncollectible pledges	(90,973)	-	(90,973)
<b>Net campaign revenue</b>	<b>1,906,886</b>	<b>-</b>	<b>1,906,886</b>
Donor designation fees and reimbursed expenses	216,649	-	216,649
In-kind contributions	82,700	-	82,700
Grant and bequest revenue	161,259	117,203	278,462
Interest income	772	-	772
Change in beneficial interest	(42,984)	-	(42,984)
Miscellaneous income	1,015	-	1,015
Net assets released from restrictions	143,305	(143,305)	-
<b>Total revenues, support and gains</b>	<b>2,469,602</b>	<b>(26,102)</b>	<b>2,443,500</b>
<b>Expenses</b>			
<b>Program services</b>			
Funds allocated to partner agencies	718,742	-	718,742
Agency relations	1,255,016	-	1,255,016
<b>Total program services</b>	<b>1,973,758</b>	<b>-</b>	<b>1,973,758</b>
<b>Supporting services</b>			
Management and general	339,518	-	339,518
Fundraising	322,177	-	322,177
<b>Total supporting services</b>	<b>661,695</b>	<b>-</b>	<b>661,695</b>
<b>Total expenses</b>	<b>2,635,453</b>	<b>-</b>	<b>2,635,453</b>
<b>Change in net assets</b>	<b>(165,851)</b>	<b>(26,102)</b>	<b>(191,953)</b>
Net assets, beginning of year	2,787,091	49,932	2,837,023
<b>Net assets, end of year</b>	<b>\$2,621,240</b>	<b>\$ 23,830</b>	<b>\$2,645,070</b>

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

# CAPITAL AREA UNITED WAY, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2017			
	Program Services	Supporting Services		Total
	Allocations and Agency Relations	Management and General	Fundraising	
Allocations to partner agencies	\$ 708,740	\$ -	\$ -	
Salaries	427,565	224,292	191,462	843,319
Employee health and retirement benefits	130,907	30,840	53,697	215,444
Payroll taxes	37,480	17,614	17,207	72,301
Temporary contract labor	11,931	-	11,931	23,862
<b>Total salaries and related expenses</b>	<b>607,883</b>	<b>272,746</b>	<b>274,297</b>	<b>1,154,926</b>
In-kind media	112,552	-	28,730	141,282
Dues and subscriptions	48,393	7,649	14,514	70,556
Professional fees	17,913	2,831	5,372	26,116
Supplies	14,116	2,231	4,234	20,581
Telephone	5,453	862	1,635	7,950
Direct campaign expense	14,830	7,415	51,904	74,149
Postage and shipping	6,417	1,014	1,925	9,356
Marketing and promotions	1,393	220	418	2,031
Travel and automobile	3,899	616	1,169	5,684
Conference and training	5,609	887	1,682	8,178
Equipment maintenance and rental	49,359	6,221	11,804	67,384
Insurance	8,558	1,353	2,567	12,478
Occupancy	64,748	10,234	19,419	94,401
Community collaborative	360,457	-	-	360,457
Depreciation	2,809	444	842	4,095
Other	154	25	8,306	8,485
<b>Total expenses</b>	<b>\$2,033,283</b>	<b>\$ 314,748</b>	<b>\$ 428,818</b>	<b>\$2,776,849</b>

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

Year Ended June 30, 2016			
Program Services	Supporting Services		Total
Allocations and Agency Relations	Management and General	Fundraising	
\$ 718,742	\$ -	\$ -	\$ 718,742
418,306	222,136	153,812	794,254
127,389	49,600	46,757	223,746
36,676	19,477	13,486	69,639
-	-	-	-
<b>582,371</b>	<b>291,213</b>	<b>214,055</b>	<b>1,087,639</b>
73,750	-	8,950	82,700
37,811	7,525	9,179	54,515
27,224	5,418	6,609	39,251
12,807	2,251	2,745	17,803
5,627	1,120	1,366	8,113
11,257	5,628	39,399	56,284
4,643	924	1,127	6,694
-	-	-	-
4,750	945	1,153	6,848
9,763	1,943	2,370	14,076
45,820	7,129	8,695	61,644
9,083	1,808	2,205	13,096
65,444	13,025	15,887	94,356
361,707	-	-	361,707
2,959	589	718	4,266
-	-	7,719	7,719
<b>\$1,973,758</b>	<b>\$ 339,518</b>	<b>\$ 322,177</b>	<b>\$2,635,453</b>

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

# CAPITAL AREA UNITED WAY, INC.

## STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2017	2016
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 696,237	\$ (191,953)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,095	4,266
Change in beneficial interest in assets held by Community Foundation	(297,658)	42,984
Provision for uncollectible pledges	166,838	90,973
Non-cash portion of donated entity	(16,482)	-
Changes in operating assets and liabilities which provided (used) cash, net of effects from donated entity:		
Pledges receivable	(89,023)	(7,441)
Grants and other receivables	60,866	(61,889)
Prepaid expenses and other assets	45	(5,613)
Accounts payable and accrued liabilities	(93,100)	54,926
Designations payable	134,738	24,313
Agency allocations payable	(14,562)	2,293
Combined federal campaign payable	(9,585)	6,169
<b>Net cash provided by (used in) operating activities</b>	<b>542,409</b>	<b>(40,972)</b>
<b>Cash flows provided by investing activities</b>		
Distributions from beneficial interest in assets held by Community Foundation	111,725	110,982
Purchases of property and equipment	(7,543)	-
<b>Net cash provided by investing activities</b>	<b>104,182</b>	<b>110,982</b>
<b>Net increase in cash and cash equivalents</b>	<b>646,591</b>	<b>70,010</b>
Cash and cash equivalents, beginning of year	445,431	375,421
<b>Cash and cash equivalents, end of year</b>	<b>\$1,092,022</b>	<b>\$ 445,431</b>

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

# CAPITAL AREA UNITED WAY, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Nature of Organization

*Capital Area United Way, Inc.* (the "Organization") is a 501(c)(3) not-for-profit corporation that ensures health and human resources exist locally in the arena of: 1) Basic Needs, 2) Stable Families through Financial Independence, and 3) Student Achievement. The Organization unites people and resources to solve defined problems and improve the quality of life for individuals and families in our community.

#### Basis of Presentation

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred. The accompanying statements of financial position present the Organization's assets and liabilities in order of liquidity.

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: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets represent expendable funds currently available at the discretion of the Board of Directors for support of Organization operations. Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. Earnings, gains, or losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or law. The Organization had temporarily restricted net assets of \$26,128 and no permanently restricted net assets as of June 30, 2017. The Organization had temporarily restricted net assets of \$23,830 and no permanently restricted net assets as of June 30, 2016.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues 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

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Organization maintains demand deposits in banks which may at times exceed federally insured amounts. Management does not consider these concentrations to be a significant credit risk.

#### 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).

# CAPITAL AREA UNITED WAY, INC.

## NOTES TO FINANCIAL STATEMENTS

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**

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 estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. All promises to give to the Organization are expected to be collected within one year.

Generally, the Organization initiates its “current period campaign” in September of each year and each such campaign is principally associated with the subsequent calendar year. All pledges received relating to the current campaign are recognized as “pledges receivable - current campaign” and cash received from the prior campaign period is applied against “pledges receivable - previous campaign.”

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Credit risk with respect to pledges receivable is minimal due to the large number of individual pledges and their dispersion among individuals employed across different industry segments. The Organization establishes an allowance for uncollectible pledges based in part on prior collection history relating to the three-prior year’s campaign.

### **Office Furniture and Equipment and Depreciation**

Office furniture and equipment purchases are recorded at cost. Donated office furniture and equipment are recorded at fair value at date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range generally from 3 to 15 years. Depreciation of these assets was \$4,095 and \$4,266 for 2017 and 2016, respectively.

### **Designations and Agency Allocations Payable**

Designations payable represent unpaid designations as of June 30, 2017 and 2016, net of a reserve for uncollectible pledges. Certain designations payable are also reported net of an administration fee of 15.5 percent in both 2017 and 2016. The Organization pays allocations related to each campaign based on a 12-month disbursement period. Agency allocations payable represent unpaid allocations as of June 30, 2017 and 2016.

# CAPITAL AREA UNITED WAY, INC.

## NOTES TO FINANCIAL STATEMENTS

### Combined Federal Campaign Payable

Combined federal campaign payable amounts have been pledged by local federal employees and are payable to nonprofit organizations designated by the federal employees.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (for example, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The current campaign contributions were unrestricted for the years ended June 30, 2017 and 2016.

The Organization allows donors to designate contributions to be provided to specific participating or nonparticipating agencies at the donors' discretion. In such instances, the Organization does not retain variance power; donor-designated contributions of this nature are recorded as agency transactions and are reflected as designations payable.

### Functional Allocation of Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statements of activities and changes in net assets. Indirect costs have been allocated between the various programs and supporting services based on estimates, as determined by management. Although management of the Organization believes that the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

### Federal Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income. The Organization has been classified as not a private foundation.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Organization treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The Organization has evaluated its income tax filing positions for fiscal years 2013 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 or 2016, and is not aware of any claims for such amounts by federal or state income tax authorities.

# CAPITAL AREA UNITED WAY, INC.

## NOTES TO FINANCIAL STATEMENTS

### Reclassification

Certain amounts as reported in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

### Subsequent Events

In preparing these financial statements, Organization management 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 November 13, 2017, the date these financial statements were available to be issued. No such subsequent events were identified.

## 2. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

Beneficial interest in assets held by community foundation consists of four funds held by the Capital Region Community Foundation. These funds were established by the Organization for the benefit of the Organization primarily from proceeds received on the 1999 sale of an office building occupied by the Organization. The Organization receives annual payouts from the funds based on a payout rate, equal to 5.0 percent of the quarter ended values for the twelve previous quarters for the years ended June 30, 2017 and 2016. Assets held by Capital Region Community Foundation for the benefit of the Organization that do not meet the recognition criteria for recording on the Organization's statement of financial position were approximately \$75,000 and \$52,000 at June 30, 2017 and 2016, respectively.

The Organization utilizes fair value measurements to record fair value adjustments to beneficial interest in assets held by community foundation and to determine fair value disclosures. Beneficial interest in assets held by community foundation is recorded at fair value on a recurring basis.

Following is a description of the valuation methodology and key inputs used to measure beneficial interest in assets held by community foundation recorded at fair value:

*Beneficial interest in assets held by community foundation:* The Organization is allocated its portion of the total fair values of the underlying securities held by the Foundation (Level 3 inputs) as a practical expedient. The underlying investment securities held by the Foundation have fair values that are determined using quoted prices for identical instruments traded in active markets.

The preceding method described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of this asset could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the beneficial interest in assets held by community foundation for the years ended June 30:

	2017	2016
Beginning of year	\$ 2,388,549	\$ 2,542,516
Investment earnings (loss)	312,437	(28,265)
Contributions	19,895	-
Distributions	(111,725)	(110,982)
Administrative expenses	<u>(14,779)</u>	<u>(14,720)</u>
End of year	<u>\$2,594,377</u>	<u>\$2,388,549</u>

## CAPITAL AREA UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 3. DEBT

In January 2017, the Organization extended its unsecured revolving line-of-credit agreement with a bank which provides for borrowing availability of \$250,000. Interest is charged at prime plus 0.5%. As of June 30, 2017, and 2016, the Organization did not have any outstanding draws on this line-of-credit agreement. The lending commitment expires in March 2018.

#### 4. UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS

Unrestricted net assets of \$3,315,179 and \$2,621,240 at June 30, 2017 and 2016, respectively, include assets held at Capital Region Community Foundation of \$2,594,377 and \$2,388,549 at June 30, 2017 and 2016, respectively. These assets are board-appropriated and subject to withdrawal restrictions. Unrestricted net assets as of June 30, 2017 and 2016, also include board-appropriated cash of \$438,579 and \$431,418, respectively, to establish a contingency reserve. Temporarily restricted net assets as of June 30, 2017 and 2016, represent funds received to be used on behalf of Capital Area College Access Network.

#### 5. IN-KIND CONTRIBUTIONS

Donated services rendered by various advertising and media agencies are valued based upon average standard fees normally charged for such services. All donated services are recognized in the Organization's statements of activities and changes in net assets as both revenue and expense. Total donated services recorded for the years ended June 30, 2017 and 2016, were \$141,282 and \$82,700 respectively. The expenses are recorded as in-kind media expense.

More than 900 local volunteers participate in various aspects of the Organization's operations and decision making each year. A substantial number of hours, for which no value has been assigned or recognized, were volunteered by employees of local companies serving on various committees or participating in the Organization's loaned associates and loaned executives program. Volunteers also assist the Organization during the annual campaign.

#### 6. ADMINISTRATIVE FEES

The Organization charges certain agencies and other organizations an administrative fee (donor designation fees) of 15.5 percent of gross designations for fiscal 2017 and 2016. This fee is used to offset fundraising and handling costs. These fees totaled \$181,327 and \$181,534 for the years ended June 30, 2017 and 2016, respectively.

#### 7. UNITED WAY WORLDWIDE

The Organization is a separate and autonomous organization from United Way Worldwide. The Organization incurred dues of \$49,450 and \$32,174 to United Way Worldwide for the years ended June 30, 2017 and 2016, respectively, in support of services provided to the Organization.

## CAPITAL AREA UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 8. OPERATING LEASES

The Organization has entered into a noncancelable operating lease agreement for the rental of office space through October 2026. Future minimum lease payments under such lease agreement are summarized as follows for each of the fiscal years succeeding June 30, 2017 and thereafter:

Year	Amount
2018	\$ 92,530
2019	96,685
2020	101,021
2021	105,569
2022	107,110
Thereafter	<u>464,145</u>
<b>Total</b>	<b><u>\$ 967,060</u></b>

Rent expense was approximately \$94,000 for the years ended June 30, 2017 and 2016.

#### 9. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

The Organization has a noncontributory defined contribution plan covering substantially all full-time non-represented employees who have completed one year of service and have attained the age of 21. Employees become participants on the first day of the plan year during which the eligibility requirements are met. Each year, the Organization determines the amount, which is discretionary, to contribute to the plan. The Organization contributed \$52,886 and \$55,701 to this plan for the years ended June 30, 2017 and 2016, respectively.

In accordance with a collective bargaining agreement, the Organization contributes 5 percent of represented employees' wages to individual 403(b) accounts on their behalf. Contributions for the years ended June 30, 2017 and 2016, amounted to \$14,714 and \$13,480, respectively.

#### 10. COMMITMENT

Certain of the Organization's employees are represented by a labor union pursuant to a collective bargaining agreement. The most recent agreement was ratified by the represented employees and the Organization in September 2017 with an expiration date of June 2020.

#### 11. BUSINESS COMBINATION

On April 11, 2017, the Company acquired certain assets and assumed certain liabilities of Eaton County United Way. No consideration was transferred as part of this acquisition. A contribution of \$290,494 was recognized as a result of the acquisition. Accordingly, the results of operations for Eaton County United Way have been included in the accompanying financial statements from that date forward. The acquisition was made for the purpose of improving the wellbeing of residents in the tri-county region.

## CAPITAL AREA UNITED WAY, INC.

### ■ NOTES TO FINANCIAL STATEMENTS

The following assets and liabilities were recognized in the acquisition (at fair value):

Cash	\$ 274,012
Pledges receivable	66,125
Beneficial interest	19,895
Other assets	8,568
Designations payable	(11,325)
Allocations payable	<u>(66,781)</u>
<b>Net assets acquired</b>	<b><u>\$ 290,494</u></b>

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

November 13, 2017

Board of Directors  
Capital Area United Way, Inc.  
Lansing, Michigan

We have audited the financial statements of *Capital Area United Way, Inc.* as of and for the year ended June 30, 2017 and our report thereon dated November 13, 2017, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the 2017 financial statements as a whole. The supplemental information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the 2017 financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 2017 financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Rehmann Robson LLC".

## **SUPPLEMENTAL INFORMATION**

# CAPITAL AREA UNITED WAY, INC.

## SCHEDULE OF COMBINED FEDERAL CAMPAIGN FOR THE YEAR ENDED JUNE 30, 2017

Pledges received	\$ 37,168
Less expenses incurred	<u>(23,650)</u>
<b>Amount available for distribution</b>	<b><u>\$ 13,518</u></b>
<b>Allocations to federal campaign agencies:</b>	
American National Red Cross	\$ 149
America's Charities	431
America's Most Cost-Effective Charities	291
Animal Charities of America	459
CancerCURE of America: Care, Understand, Research & End	115
Catholic Service Organizations of America	231
Children First - America's Charities	298
Children's Charities of America	57
Children's Medical & Research Charities of America	382
Christian Children's Charities	95
Christian Service Charities	502
Community Health Charities	1,173
Community Health Charities of Michigan	727
Conservation and Preservation Charities of America	9
EarthShare	273
Global Impact	1,239
Health and Medical Research Charities of America	472
Health First - America's Charities	50
Human & Civil Rights Organizations of America	9
Human Service Charities of America	16
Medical Research Charities	58
Military Family and Veterans Service Organizations of America	436
Military Support Groups of America	80
UNITED WAY OF METROPOLITAN DALLAS INC (0839)	36
Women, Children, and Family Service Charities of America	28
CAPITAL AREA UNITED WAY Affiliates	1,215
Child Abuse & Neglect Council Great Lakes Bay Region	53
Child and Family Service of Saginaw County	76
Hidden Harvest	133
READ Association of Saginaw County	24
Special Needs Vision Clinic	9
Underground Railroad	9
United Way of Saginaw County	9
PREVENT CHILD ABUSE KENTUCKY	47
RILEY CHILDREN'S FOUNDATION	95
ALTERNATIVES FOR GIRLS	189
DETROIT RESCUE MISSION MINISTRIES	189
CATHOLIC CHARITIES OF SHIAWASSEE & GENESEE COUNTIES	18
KIDS 'N KAMP	36
HOPE FOR YOUTH	2
NATIONAL CAPITAL LYME DISEASE ASSOCIATION	118
Food for the Poor, Inc.	40
Population Services International	355
American Sudden Infant Death Syndrome Institute, Inc.	236
Freedom From Religion Foundation, Inc.	9
Friedreich's Ataxia Research Alliance	47
National Association of Anorexia Nervosa & Associated Disorders Inc.	95
National Public Radio	47
National Railway Historical Society, Inc.	9
United Way Worldwide	95
Wounded Warriors Family Support	<u>52</u>
Total allocations to federal campaign agencies	10,822
Total amount undesignated	<u>2,696</u>
<b>Total</b>	<b><u>\$ 13,518</u></b>

The United Way disburses funds received from employees of local offices of federal government agencies that are designated to other health and welfare agencies as specified by the combined federal campaign. Total combined federal campaign pledges for Fall 2016 amounted to \$37,168 of which \$16,895 remains outstanding at June 30, 2017, and are reflected in "pledges receivable current campaign."

Amounts received or receivable and not yet disbursed to designated agencies are reflected as payable and amounted to \$28,606 as of June 30, 2017.

## CAPITAL AREA UNITED WAY, INC.

### SCHEDULE OF ALLOCATIONS TO PARTNER AGENCIES (ACCRUAL BASIS) FOR THE YEAR ENDED JUNE 30, 2017

Allen Neighborhood Center	\$ 4,000
Big Brothers Big Sisters - Michigan Capital Region	14,700
Boys and Girls Club of Lansing	57,525
Capital Area Literacy Coalition	56,800
Care Free Medical, Inc.	18,750
CASA for Kids Inc. Barry and Eaton Counties	2,000
Child and Family Charities	76,475
Cristo Rey Community Center	52,000
Eaton Community Palliative Care	5,000
EVE (End Violent Encounters)	42,500
Expectant Parents Organization	6,000
Grand Ledge Community Fund	1,861
Haven House	39,000
Highfields, Inc.	1,250
Information Technology Empowerment Center	23,400
Legal Services of South Central Michigan	25,500
Mason Area Community Fund	16,879
MSU Safe Place	4,000
National Council on Alcoholism - Lansing Regional Area	14,000
NorthWest Lansing Healthy Communities Initiative	17,000
REACH Studio Art Center	9,000
Refugee Development Center	19,500
Resolution Services Center of Central Michigan	25,100
SafeCenter	19,875
SIREN/Eaton Shelter	8,500
St. Vincent Catholic Charities	27,500
The Salvation Army - Capital Area	26,125
Volunteers of America Michigan	94,500
<b>Total allocations to partner agencies</b>	<b>\$ 708,740</b>