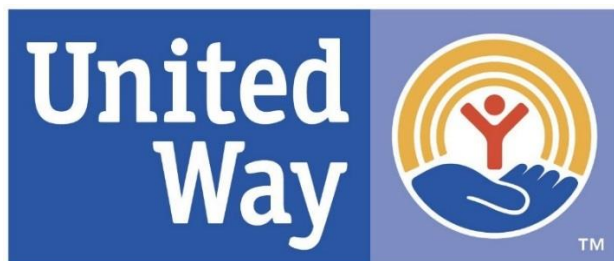


# United Way of Yellowstone County

Financial Statements

Years ended June 30, 2017 and 2016



**United Way  
of Yellowstone County**

**WIPFLI**<sup>LLP</sup>  
CPAs and Consultants



## Independent Auditor's Report

Board of Directors  
United Way of Yellowstone County

We have audited the accompanying financial statements of United Way of Yellowstone County (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 United Way of Yellowstone County 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.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP  
October 17, 2017  
Billings, Montana

# United Way of Yellowstone County

## Statements of Financial Position

<i>June 30,</i>	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (includes certificates of deposits of \$479,931 and \$526,796, respectively)	\$ 626,274	\$ 759,206
Receivables:		
Pledges, net of allowance for uncollectible pledges of \$35,000 and \$35,000, respectively	309,541	383,767
CARE/miscellaneous receivables	28,327	25,371
Grants receivable	37,389	41,196
Investments	1,646,136	1,462,067
Prepaid expenses	15,415	11,545
<b>Total current assets</b>	<b>2,663,082</b>	<b>2,683,152</b>
Property and equipment:		
Land	443,873	443,873
Furniture and equipment	82,939	76,661
Buildings and improvements	1,056,083	1,035,703
Less: accumulated depreciation	(186,181)	(149,305)
<b>Net property and equipment</b>	<b>1,396,714</b>	<b>1,406,932</b>
Other assets:		
Cash value of life insurance	17,974	17,283
<b>Total other assets</b>	<b>17,974</b>	<b>17,283</b>
<b>Total assets</b>	<b>\$ 4,077,770</b>	<b>\$ 4,107,367</b>

# United Way of Yellowstone County

## Statements of Financial Position (Continued)

<i>June 30,</i>	2017	2016
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 119,986	\$ 125,734
Accrued expenses	1,281	1,342
Grants payable	60,968	72,447
Deferred revenue	55,315	53,414
Agency funds	56,150	98,580
Current portion of capital lease	3,000	3,000
Current portion of note payable	40,651	39,236
Total current liabilities	337,351	393,753
Long-term liabilities:		
Capital lease obligations	3,250	6,250
Note payable	782,697	823,346
Less: unamortized debt issuance costs	(11,625)	(12,375)
Total long-term liabilities	774,322	817,221
Total liabilities	1,111,673	1,210,974
Net assets:		
Unrestricted:		
Board designated	857,091	844,602
Undesignated	1,668,437	1,634,222
Permanently restricted	440,569	417,569
Total net assets	2,966,097	2,896,393
Total liabilities and net assets	\$ 4,077,770	\$ 4,107,367

See accompanying notes to financial statements.

# United Way of Yellowstone County

## Statement of Activities

<i>Year Ended June 30,</i>	2017		
	Unrestricted	Permanently Restricted	Total
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	\$ 1,012,604	\$ -	\$ 1,012,604
Less: donor designations	(58,686)	-	(58,686)
<hr/>			
Total campaign results	953,918	-	953,918
Grants	328,419	-	328,419
Administration fees	10,619	-	10,619
CARE Academy income, net of tuition assistance of \$28,081	663,546	-	663,546
Investment income	190,349	-	190,349
Endowment donations	-	23,000	23,000
Bad debt recoveries	3,593	-	3,593
Other	12,263	-	12,263
<hr/>			
Total public support and revenue	2,162,707	23,000	2,185,707
<hr/>			
Expenses:			
Program services:			
Community response	1,825,077	-	1,825,077
Supporting services:			
Fundraising	197,758	-	197,758
Management and general	93,168	-	93,168
<hr/>			
Total expenses	2,116,003	-	2,116,003
<hr/>			
Change in net assets	46,704	23,000	69,704
<hr/>			
Net assets, beginning of year	2,478,824	417,569	2,896,393
<hr/>			
Net assets, end of year	\$ 2,525,528	\$ 440,569	\$ 2,966,097
<hr/>			

See accompanying notes to financial statements.

# United Way of Yellowstone County

## Statement of Activities

<i>Year Ended June 30,</i>	2016		
	Unrestricted	Permanently Restricted	Total
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	\$ 1,214,815	\$ -	\$ 1,214,815
Less: donor designations	(106,436)	-	(106,436)
Total campaign results	1,108,379	-	1,108,379
Grants	241,704	-	241,704
Administration fees	12,161	-	12,161
CARE Academy income, net of tuition assistance of \$23,667	561,448	-	561,448
Investment income	(12,662)	-	(12,662)
Endowment donations	-	23,000	23,000
Bad debt recoveries	458	-	458
Other	13,706	-	13,706
<b>Total public support and revenue</b>	<b>1,925,194</b>	<b>23,000</b>	<b>1,948,194</b>
Expenses:			
Program services:			
Community response	1,652,787	-	1,652,787
Supporting services:			
Fundraising	231,129	-	231,129
Management and general	85,974	-	85,974
<b>Total expenses</b>	<b>1,969,890</b>	<b>-</b>	<b>1,969,890</b>
Change in net assets	(44,696)	23,000	(21,696)
Net assets, beginning of year	2,523,520	394,569	2,918,089
<b>Net assets, end of year</b>	<b>\$ 2,478,824</b>	<b>\$ 417,569</b>	<b>\$ 2,896,393</b>

See accompanying notes to financial statements.

## United Way of Yellowstone County

### Statements of Changes in Net Assets

	Total Designated	Undesignated	Total Unrestricted	Permanently Restricted	Total
Net assets, July 1, 2015	\$ 851,515	\$ 1,672,005	\$ 2,523,520	\$ 394,569	\$ 2,918,089
Change in net assets	(6,913)	(37,783)	(44,696)	23,000	(21,696)
Net assets, June 30, 2016	844,602	1,634,222	2,478,824	417,569	2,896,393
Change in net assets	12,489	34,215	46,704	23,000	69,704
Net assets, June 30, 2017	\$ 857,091	\$ 1,668,437	\$ 2,525,528	\$ 440,569	\$ 2,966,097

See accompanying notes to financial statements.

# United Way of Yellowstone County

## Statement of Functional Expenses

Year Ended June 30, 2017

	Community Response	Fundraising	Management & General	Total
Agency allocations	\$ 391,881	\$ -	\$ -	\$ 391,881
Bank service charges	10,654	6,787	-	17,441
Best Beginnings	6,823	-	-	6,823
Board expense	-	-	1,208	1,208
CARE expense	107,218	-	-	107,218
Communications	2,425	14,244	46	16,715
Community resource center	16,103	-	-	16,103
DeStress grant	68,234	-	-	68,234
Dues and subscriptions	1,369	568	19	1,956
EFSP expense	30,237	-	-	30,237
Early Childhood	22,617	-	-	22,617
Employee benefits	157,926	23,256	24,292	205,474
Fees	4,678	241	143	5,062
Graduation Matters	15,365	-	-	15,365
Impact building	2,000	-	-	2,000
Insurance	5,632	297	1,171	7,100
Interest expense	28,402	1,500	767	30,669
Investment fees	-	15,893	-	15,893
Janitorial	19,461	1,028	525	21,014
Legal and accounting	14,331	757	387	15,475
Maintenance	2,283	121	62	2,466
Meals and entertainment	43	-	-	43
Mileage	2,355	1	-	2,356
Myhre grant	1,700	-	-	1,700
Payroll expenses	779,242	67,559	61,685	908,486
Postage	2,470	1,095	312	3,877
Software and computer maintenance	12,312	2,075	332	14,719
Supplies	36,279	4,496	407	41,182
Telephone	5,403	114	58	5,575
Training and development	3,133	275	3	3,411
Uncollectible pledges	-	54,027	-	54,027
Utilities	13,474	711	364	14,549
Universal Home Visit	9,347	-	-	9,347
UW of America dues	17,215	909	465	18,589
Youth volunteer corps	316	-	-	316
	1,790,928	195,954	92,246	2,079,128
Depreciation	34,149	1,804	922	36,875
<b>Total expenses</b>	<b>\$ 1,825,077</b>	<b>\$ 197,758</b>	<b>\$ 93,168</b>	<b>\$2,116,003</b>

See accompanying notes to financial statements.



# United Way of Yellowstone County

## Statement of Functional Expenses

Year Ended June 30, 2016

	Community Response	Fundraising	Management & General	Total
Agency allocations	\$ 361,222	\$ -	\$ -	\$ 361,222
Bank service charges	6,978	3,401	-	10,379
Best Beginnings	8,518	-	-	8,518
Board expense	-	-	1,859	1,859
CARE expense	97,675	-	-	97,675
Communications	4,471	20,975	53	25,499
Community incentive program	324	-	-	324
Community resource center	16,574	-	-	16,574
Depend grant	808	-	-	808
DeStress grant	40,953	-	-	40,953
Disaster project	3	-	-	3
Dues and subscriptions	886	1,337	15	2,238
EFSP expense	25,344	-	-	25,344
Early Childhood	22,927	-	-	22,927
Employee benefits	141,845	22,437	18,005	182,287
Fees	4,607	382	211	5,200
Graduation Matters	2,960	-	-	2,960
Impact building	5,790	-	-	5,790
Insurance	5,403	455	1,246	7,104
Interest expense	28,522	2,371	1,226	32,119
Investment fees	-	14,557	-	14,557
Janitorial	16,245	1,367	682	18,294
Legal and accounting	14,008	1,178	589	15,775
Maintenance	5,925	498	250	6,673
Meals and entertainment	405	444	5	854
Miscellaneous	82	-	-	82
Mileage	2,479	173	2	2,654
Myhre grant	1,123	-	-	1,123
Payroll expenses	722,621	85,964	57,235	865,820
Postage	1,917	986	583	3,486
Software and computer maintenance	12,351	2,506	519	15,376
Supplies	29,953	1,740	817	32,510
Telephone	3,491	253	127	3,871
Training and development	5,088	2,030	(6)	7,112
Uncollectible pledges	-	62,952	-	62,952
Utilities	12,620	1,062	529	14,211
UW of America dues	16,144	1,358	678	18,180
Youth volunteer corps	393	-	-	393
	1,620,655	228,426	84,625	1,933,706
Depreciation	32,132	2,703	1,349	36,184
<b>Total expenses</b>	<b>\$ 1,652,787</b>	<b>\$ 231,129</b>	<b>\$ 85,974</b>	<b>\$1,969,890</b>

See accompanying notes to financial statements.

# United Way of Yellowstone County

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 69,704	\$ (21,696)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,875	36,184
Amortization of debt issuance costs	750	750
Realized and unrealized losses/(gains) on investments	(150,982)	54,658
Contributions restricted for long-term purposes	(23,000)	(23,000)
(Increase) decrease in assets:		
Receivables	75,077	(5,705)
Prepaid expenses	(3,870)	(1,092)
Other assets	(691)	(665)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(5,811)	17,231
Grants payable	(11,479)	563
Deferred revenue	1,901	(3,536)
Agency funds	(42,430)	1,538
Unamortized debt issuance costs	750	750
Net cash provided/(used) by operating activities	(53,206)	55,980
Cash flows from investing activities:		
Property and equipment purchases	(26,658)	(1,995)
Purchase of investments	(313,503)	(300,581)
Proceeds from sale of investments	279,669	206,635
Net cash used by investing activities	(60,492)	(95,941)
Cash flows from financing activities:		
Capital lease repayments	(3,000)	(3,000)
Payments on notes payable	(39,234)	(37,785)
Proceeds from contributions restricted for investment in permanent endowment	23,000	23,000
Net cash used by financing activities	(19,234)	(17,785)
Net decrease in cash	(132,932)	(57,746)
Cash and cash equivalents, beginning of year	759,206	816,952
Cash and cash equivalents, end of year	\$ 626,274	\$ 759,206
Supplemental Cash Flow Information:		
Interest expense	\$ 29,980	\$ 31,428

See accompanying notes to financial statements.

# United Way of Yellowstone County

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

United Way of Yellowstone County (the "Organization") is a nonprofit organization formed for the purpose of achieving significant community impact by developing strategies, building partnerships and investing in programs, all of which are supported through annual fundraising campaigns as well as through competitive private, state and federal grants and contracts. The Organization improves community conditions for children, youth, individuals, families and senior citizens.

#### Financial Statement Presentation

The Organization has presented its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Permanently restricted net assets - Net assets that are restricted by donors to be maintained by the Organization in perpetuity.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All promises to give are expected to be collected within one year. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets.

#### Allowance Method Used to Record Bad Debts

The Organization uses the allowance method for uncollectible pledges receivables.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

# United Way of Yellowstone County

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Investments** (Continued)

Investment securities are exposed to various risks, such as interest rate, credit and market 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 investment balances and the amounts reported in the statements of financial position.

#### **Property and Equipment**

Property and equipment acquisitions with an original cost of at least \$1,000 are recorded at cost. Donated property and equipment is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of assets (generally 5-40 years) and is computed using the straight-line method.

#### **Allocations Payable**

Allocations payable represent amounts approved by the Board of Directors payable to United Way agencies. As of June 30, 2017, the Organization has paid all allocations approved by the Board of Directors.

#### **Annuity Obligation**

The Organization receives charitable donations for annuities from donors with a provision that a fixed income be paid to the donor and/or his named beneficiary for life. The annuity obligation represents the present value of payments to be made over the life expectancies of the annuitant and/or his named beneficiaries based on Internal Revenue Service annuity tables. The contributions received and the related obligations are permanently restricted until the death of the annuitant and/or his named beneficiary at which time the remaining assets become permanently restricted or unrestricted based upon the terms of the original annuity agreement. The recorded obligation is recognized as income at the time of death. On an annual basis, the Organization revalues the liability related to required distributions to the designated beneficiaries based on actuarial assumptions. The liability is included in the accounts payable balance on the statement of financial position. The present value of the estimated future payments at June 30, 2017 and 2016 is \$19,112 and \$19,105, respectively.

#### **Board Designated Endowment**

Board designated endowment funds represent funds that are designated by Board policy requiring in perpetuity that the principal be invested and the income only be used as determined by the Board.

# United Way of Yellowstone County

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition**

Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to time or purpose. The Organization acts as an agent of the donor when contributions are directed by the donor and are to be distributed to a specific third-party beneficiary. These contributions received and subsequently remitted to third parties are reflected in campaign results on the statement of activities but are not treated as contribution revenue.

The Organization administers other campaigns for local employers. Under the agreements, the employers run campaigns, collect the pledges and make payments to the Organization for quarterly distribution to the agencies designated by the employee. The Organization collects administration fees for administering the other campaigns. The Organization is acting as an agent in administering the other campaigns and, therefore, contributions received and subsequently remitted to agencies are not included in the statement of activities.

#### **Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$503 and \$3,185 are included in communications expense on the statement of functional expenses at June 30, 2017 and 2016, respectively.

#### **Donated Services, Materials and Facilities**

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services does not meet the requirements for recognition in the financial statements and have not been recorded.

#### **Functional Allocation of Expenses**

The Organization's management allocates expenses by function between program and supporting service classifications based upon estimated levels of functional time and effort.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

# United Way of Yellowstone County

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Income Taxes

The Organization is organized as a nonprofit corporation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in these statements. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. The Organization is subject to examination of their federal income tax filing generally for 3 years after they are filed. There were no uncertain tax positions taken by the Organization. In the event that the Organization is assessed penalties and interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

### Note 2: Subsequent Events

Management has evaluated subsequent events through October 17, 2017, which is the date the financial statements were available to be issued.

### Note 3: Concentration of Credit Risk

The Organization has accounts that are maintained in several banks. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of balances held at these banks in amounts that may, at times, exceed the \$250,000 FDIC insurance limits.

### Note 4: Cash and Cash Equivalents

Cash and cash equivalents at June 30 are as follows:

	2017	2016
General Operating Deposits	\$ 91,337	\$ 178,573
Emergency Food and Shelter Fund Deposits	3,502	12,885
Employee Benefit Savings	2,207	1,070
General Operating Funds	2,146	1,447
General Operating Certificates of Deposit	479,931	526,796
Endowment Money Market	47,151	38,435
Total	\$ 626,274	\$ 759,206

# United Way of Yellowstone County

## Notes to Financial Statements

### Note 5: Allowance Method Used to Record Bad Debts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible pledges receivable. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Pledges receivable are presented net of an allowance for doubtful accounts of \$35,000 and \$35,000 at June 30, 2017 and 2016, respectively.

### Note 6: Fair Value Measurement of Marketable Equity Securities

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Values Measurements and Disclosures, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
- Level 2 Inputs - Inputs other than the quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization classifies assets and liabilities within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement of each individual asset and liability taken as a whole. The following table sets forth by level within the fair value hierarchy the gross components of investments measured at fair value on a recurring basis.

	Fair Value of Assets as of June 30, 2017			Total Net Fair Value
	Level 1	Level 2	Level 3	
Fixed income securities	\$ 493,864	\$ -	\$ -	\$ 493,864
Equity securities	980,475	-	-	980,475
Complementary strategies	80,153	-	-	80,153
Real asset securities	91,644	-	-	91,644
Total	\$ 1,646,136	\$ -	\$ -	\$ 1,646,136

# United Way of Yellowstone County

## Notes to Financial Statements

### Note 6: Fair Value Measurement of Marketable Equity Securities (Continued)

	Fair Value of Assets as of June 30, 2016			Total Net Fair Value
	Level 1	Level 2	Level 3	
Fixed income securities	\$ 438,211	\$ -	\$ -	\$ 438,211
Equity securities	838,907	-	-	838,907
Complementary strategies	77,037	-	-	77,037
Real asset securities	107,912	-	-	107,912
<b>Total</b>	<b>\$ 1,462,067</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,462,067</b>

Investment income (loss) is summarized as follows:

	2017	2016
Unrestricted:		
Interest income on cash and cash equivalents	\$ 4,166	\$ 3,385
Investment interest and dividends	35,201	38,611
Net realized and unrealized gains (losses)	150,982	(54,658)
<b>Total investment return</b>	<b>\$ 190,349</b>	<b>\$ (12,662)</b>

### Note 7: Other Assets

In November 2001, the Organization received a single premium whole life insurance policy from a donor. Under the terms of the insurance, the Organization receives the cash surrender value if the policy is terminated, and, upon death of the insured, receives a guaranteed death benefit. The cash surrender value of the life insurance as of June 30, 2017 and 2016 is \$17,974 and \$17,283, respectively, and is included in other assets in the accompanying statement of financial position.

### Note 8: Accrued Vacation Payable

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. Accrued but unused vacation leave in the amounts of \$24,325 and \$21,150 are included in accounts payable on the statement of financial position at June 30, 2017 and 2016, respectively.



# United Way of Yellowstone County

## Notes to Financial Statements

### Note 9: Agency Funds

The Organization acts as an agent for various organizations or projects where funds are to be disbursed only for the benefit of, and upon the instructions of those organizations or projects.

The Agency funds consist of cash and cash equivalents and pledges receivable for the following as of June 30:

	2017	2016
United Way Campaign, Donor Designations	\$ 56,150	\$ 98,580

### Note 10: Notes Payable

On December 21, 2012, the Organization entered into a \$990,000 revenue note agreement with Yellowstone County, Montana to provide long-term financing for the purchase of the building. On the same date Yellowstone County assigned the revenue note to Wells Fargo Bank. The terms of the note call for monthly payments of \$5,768 commencing on January 15, 2013 with a fixed interest rate of 3.50%. The loan matures December 15, 2032 and is secured by the building.

The terms of the note agreement were payoff of a bridge loan to Wells Fargo Bank of \$975,000 and \$15,000 in origination and closing fees. These fees were capitalized immediately and will be amortized over the 20 year life of the loan. The Organization incurred amortization expense of \$750 and \$750 during the years ended June 30, 2017 and 2016, respectively, and is included in interest expense in the statements of functional expenses.

	Principal	Unamortized Debt Issuance Costs
3.5% note, due December 15, 2032	\$823,348	\$11,625

The following is a schedule of future principal payments:

<i>June 30,</i>	Principal Payments	
2018	\$	40,651
2019		42,117
2020		43,567
2021		45,208
2022		46,838
Thereafter		604,967
Total	\$	823,348

# United Way of Yellowstone County

## Notes to Financial Statements

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### Note 11: Capital Lease

On July 2, 2014, the Organization acquired equipment under the provision of a long-term lease. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and are included in equipment on the balance sheet. The leased equipment under the capital lease has a cost of \$15,000. The following is a schedule of future minimum lease payments:

<i>June 30,</i>	Minimum Lease Payments
2018	\$ 3,000
2019	3,000
2020	250
Total	\$ 6,250

### Note 12: Net Assets

#### Unrestricted:

The Board of Directors designated certain funds for special purposes.

- a. Board Designated Endowment is the principal of non-restricted gifts in the form of cash, bequests or stock.
- b. Board Designated HRDC is funds to be used as matching contributions for the Human Resource Development Council's federally funded Assets for Independence Demonstration Program. The match consists of five annual payments of \$5,000.
- c. Board Designated General is funds to be used to stabilize program funding during periods of below normal campaigns, for special purpose programs grants, for special purpose UWYC programs and activities, and to support the administrative activities of the Organization.
- d. Board Designated Building Fund was income generated from the leasing of office space in the United Way building. The income will be used to pay for future building maintenance costs. In addition, the board designated a portion of the unrestricted endowment to be used for building maintenance.
- e. Board Designated Out of School was the net income from the CARE Academy program for the fiscal year 2010 to be used for after school programs.
- f. Board Designated Margarget Ping is funds set aside to be used in a proposed building remodel, including a conference room for larger groups.

## United Way of Yellowstone County

### Notes to Financial Statements

**Note 12: Net Assets** (Continued)

g. Amounts for the following purposes have been designated as of June 30:

	Endowment	HRDC	General	Building Fund	Out of School	Margaret Ping	Total Undesignated
Board designated net assets, July 1, 2015	\$ 157,051	\$ 25,000	\$ 569,565	\$ 80,169	\$ 19,730	\$ -	\$ 851,515
Board transfers	(15,000)	-	-	15,000	-	-	-
Change in net assets	3,012	(10,000)	-	75	-	-	(6,913)
Board designated net assets, June 30, 2016	145,063	15,000	569,565	95,244	19,730	-	844,602
Board transfers	(15,000)	-	-	15,000	-	-	-
Change in net assets	2,489	-	-	-	-	10,000	12,489
Board designated net assets, June 30, 2017	\$ 132,552	\$ 15,000	\$ 569,565	\$ 110,244	\$ 19,730	\$ 10,000	\$ 857,091

# United Way of Yellowstone County

## Notes to Financial Statements

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### Note 12: Net Assets (Continued)

#### Permanently Restricted:

	2017	2016
Permanently restricted:		
Permanently restricted assets consist of endowment fund investments to be held indefinitely, the income from which is expendable for unrestricted purposes.	\$ 440,569	\$ 417,569

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### Note 13: Pension Plan

The Organization has a 403(b) Plan covering all full-time and part-time employees who have performed services for the Organization in at least one year of the immediately preceding five years and does not include employees whose total compensation during the year is less than the amount specified in the Internal Revenue Code. The Organization contributes an amount equal to 5% of the annual compensation plus matches employees' contributions up to 5% of annual compensation. Organization contributions to the plan total \$58,997 and \$45,902, for the years ended June 30, 2017 and 2016, respectively.

### Note 14: Change in Accounting Principle

On July 1, 2016, the Organization changed its method of accounting for debt issuance costs to conform to a recent pronouncement of the Financial Accounting Standards Board. The adoption of the recent pronouncement resulted in reclassifications on the statements of financial position and statements of functional expenses. Under the new accounting method, the Organization nets the unamortized debt issuance costs against the outstanding debt amount and includes amortization expense as part of interest expense. There was no effect on the net assets or change in net assets for the years ended June 30, 2017 and 2016 as a result of the adoption of the recent pronouncement.