

JACKSON COUNTY UNITED WAY, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018 AND 2017

CPAs / ADVISORS



JACKSON COUNTY UNITED WAY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Jackson County United Way, Inc.
Seymour, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Jackson County United Way, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

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 of America. Those standards require that we plan and perform the audits 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 the Organization as of December 31, 2018 and 2017, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information on page 20 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

July 18, 2019

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017 As Restated
Cash	\$ 692,830	\$ 641,441
Certificates of deposit	87,279	86,509
Board designated investments	20,670	22,306
Pledges receivable, net	442,280	313,034
Grant receivable	20,722	-0-
Prepaid expenses	6,396	1,952
Office furniture and equipment, net	5,073	6,889
	<u>\$ 1,275,250</u>	<u>\$ 1,072,131</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 11,081	\$ 10,387
Designations payable	23,214	27,401
Agency liability	1,416	1,485
Deferred revenue	55,358	55,046
Total liabilities	91,069	94,319

Net assets

Without donor restrictions		
Board designated reserve	158,750	158,750
Undesignated	417,788	365,711
	576,538	524,461
With donor restrictions		
Restricted due to time restrictions	581,241	433,834
Restricted for specified purpose	26,402	19,517
	607,643	453,351
Total net assets	1,184,181	977,812
	<u>\$ 1,275,250</u>	<u>\$ 1,072,131</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017 As Restated
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Gross campaign results	\$ 377,535	\$ 639,217	\$ 1,016,752	\$ 877,512
Less donor designations	(8,413)	(12,976)	(21,389)	14,803
Less provision for uncollectible accounts	29,263	(45,000)	(15,737)	23,995
Net campaign results	398,385	581,241	979,626	838,714
Grant revenue	108,636	-0-	108,636	75,910
In-kind services	9,714	-0-	9,714	11,242
Investment return	656	-0-	656	3,853
Rock 'n Ready	14,459	7,887	22,346	19,517
Day of Caring	2,924	-0-	2,924	5,931
Miscellaneous	5,410	-0-	5,410	4,602
Net assets released from time restrictions	434,836	(434,836)	-0-	-0-
Total support and revenues	975,020	154,292	1,129,312	959,769
Expenses				
Program	724,939	-0-	724,939	670,910
Management and general	88,290	-0-	88,290	91,144
Fundraising	109,714	-0-	109,714	105,616
Total expenses	922,943	-0-	922,943	867,670
Change in net assets	52,077	154,292	206,369	92,099
Net assets, beginning of year	524,461	453,351	977,812	885,713
Net assets, end of year	\$ 576,538	\$ 607,643	\$ 1,184,181	\$ 977,812

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Gross campaign results	\$ 413,138	\$ 464,374	\$ 877,512
Less donor designations	4,945	9,858	14,803
Less provision for uncollectible accounts	595	23,400	23,995
Net campaign results	407,598	431,116	838,714
Grant revenue	75,910	-0-	75,910
In-kind services	11,242	-0-	11,242
Investment return	3,853	-0-	3,853
Rock 'n Ready	-0-	19,517	19,517
Day of Caring	5,931	-0-	5,931
Miscellaneous	4,602	-0-	4,602
Net assets released from time restrictions	511,222	(511,222)	-0-
Total support and revenues	1,020,358	(60,589)	959,769
Expenses			
Program	670,910	-0-	670,910
Management and general	91,144	-0-	91,144
Fundraising	105,616	-0-	105,616
Total expenses	867,670	-0-	867,670
Change in net assets	152,688	(60,589)	92,099
Net assets, beginning of year	371,773	513,940	885,713
Net assets, end of year	\$ 524,461	\$ 453,351	\$ 977,812

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

Program	2018						2017
	Agency & Community Services	Covering Kids & Families	Total Program	Management and General	Fundraising	Total	As Restated Total
Agency allocations	\$ 498,727	\$ -0-	\$ 498,727	\$ -0-	\$ -0-	\$ 498,727	\$ 499,277
Grants	-0-	-0-	-0-	-0-	-0-	-0-	14,453
Salaries	49,858	47,014	96,872	41,865	77,823	216,560	164,766
Payroll taxes	5,562	3,353	8,915	3,683	2,970	15,568	11,815
Professional services	5,169	-0-	5,169	14,970	2,938	23,077	23,925
Consulting	27,451	-0-	27,451	-0-	-0-	27,451	31,330
Occupancy	9,373	-0-	9,373	6,604	5,326	21,303	21,097
In-kind expense	4,372	-0-	4,372	971	4,371	9,714	8,142
Insurance	6,036	-0-	6,036	9,056	-0-	15,092	17,633
Association fees	4,115	-0-	4,115	2,287	2,744	9,146	9,624
Dues and subscriptions	10,064	-0-	10,064	368	1,657	12,089	11,924
Campaign supplies	-0-	-0-	-0-	-0-	3,589	3,589	7,671
Employee benefits	1,126	3,891	5,017	793	640	6,450	4,858
Special events	21,449	-0-	21,449	-0-	-0-	21,449	13,325
Marketing	1,160	7,111	8,271	-0-	1,160	9,431	2,189
Repairs and maintenance	514	-0-	514	514	530	1,558	5,976
Telephone	1,056	-0-	1,056	906	1,057	3,019	2,570
Supplies	592	6,190	6,782	198	527	7,507	1,895
Postage	1,102	-0-	1,102	367	980	2,449	3,233
Transportation	3,481	1,618	5,099	1,978	2,452	9,529	2,279
Miscellaneous	4,555	-0-	4,555	1,914	950	7,419	8,338
Depreciation	-0-	-0-	-0-	1,816	-0-	1,816	1,350
	<u>\$ 655,762</u>	<u>\$ 69,177</u>	<u>\$ 724,939</u>	<u>\$ 88,290</u>	<u>\$ 109,714</u>	<u>\$ 922,943</u>	<u>\$ 867,670</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)

	Agency & Community Services	Management and General	Fundraising	Total
Agency allocations	\$ 499,277	\$ -0-	\$ -0-	\$ 499,277
Grants	14,453	-0-	-0-	14,453
Salaries	54,181	43,074	67,511	164,766
Payroll taxes	6,086	3,171	2,558	11,815
Professional services	5,643	15,076	3,206	23,925
Consulting	31,330	-0-	-0-	31,330
Occupancy	9,283	6,540	5,274	21,097
In-kind expense	3,664	814	3,664	8,142
Insurance	7,052	10,581	-0-	17,633
Association fees	4,331	962	4,331	9,624
Dues and subscriptions	10,384	280	1,260	11,924
Campaign supplies	-0-	-0-	7,671	7,671
Employee benefits	2,137	1,506	1,215	4,858
Special events	13,325	-0-	-0-	13,325
Marketing	1,094	-0-	1,095	2,189
Repairs and maintenance	1,972	1,972	2,032	5,976
Telephone	899	771	900	2,570
Supplies	853	284	758	1,895
Postage	1,455	485	1,293	3,233
Transportation	1,003	570	706	2,279
Miscellaneous	2,488	3,708	2,142	8,338
Depreciation	-0-	1,350	-0-	1,350
	<u>\$ 670,910</u>	<u>\$ 91,144</u>	<u>\$ 105,616</u>	<u>\$ 867,670</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Operating activities		
Change in net assets	\$ 206,369	\$ 92,099
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,816	1,350
Non-cash contribution of office furniture and equipment	-0-	(3,100)
Provision for uncollectible accounts	15,737	23,995
Interest earned on certificates of deposit	(770)	(766)
Investment income earned on board designated investments	686	(2,586)
Changes in assets and liabilities:		
Pledges receivable	(144,983)	(31,345)
Grant receivable	(20,722)	-0-
Prepaid expenses	(4,444)	3,993
Accounts payable	694	391
Designations payable	(4,187)	(5,337)
Agency liability	(69)	(197)
Deferred revenue	312	7,589
Net cash flows from operating activities	50,439	86,086
Investing activities		
Purchase of equipment	-0-	(2,358)
Purchase of certificates of deposit	(35,283)	(35,230)
Maturities of certificates of deposit	35,283	35,230
Distributions received from board designated investments	950	817
Net cash flows from investing activities	950	(1,541)
Net change in cash	51,389	84,545
Cash, beginning of year	641,441	556,896
Cash, end of year	\$ 692,830	\$ 641,441

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Jackson County United Way, Inc. (the "Organization") was formed in 1962 to continually assess the needs of the people of Jackson County and improve their quality of life by raising and allocating funds for human care and developmental programs. Substantially all support is received from various individuals and businesses in Jackson County and surrounding areas.

Covering Kids and Families is a program ran by the Organization and funded by Covering Kids & Families of Indiana, Inc. to assist community members in obtaining health insurance coverage at a price the member can afford as well as help the member understand how to use health insurance and how to keep health coverage.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors (Board) or designated by the Board for specific use.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions.

Certificates of Deposit

Certificates of deposit consist of multiple certificates from various financial institutions with maturity dates from November 2019 to May 2021 and interest rates ranging from 0.10 percent to 1.75 percent. Certificates of deposit are valued at the original cost plus accrued interest.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Board Designated Investments

The Board has designated certain amounts for future expenditures and investment in operations and placed it in a custodial fund with the Community Foundation of Jackson County, Inc.

These investments are measured at fair value in the Statements of Financial Position. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends is included in investment return in the Statements of Activities. The funds are invested in accordance with the Community Foundation of Jackson County, Inc.'s investment policy.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and contributions received and committed for subsequent years from the annual fund drive held late in the calendar year are recorded as net assets with donor restrictions due to time restriction. These amounts are reflected as net assets released from restrictions during the program year for which the funds were designated.

The Organization uses the allowance method to determine the uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables are considered uncollectible if (1) over two years outstanding or (2) management has reasons to believe specified amounts will not be collected, usually based on confirmation from donors.

Office Furniture and Equipment

Office furniture and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Office furniture and equipment of the Organization are being depreciated over their estimated useful lives ranging from three to five years using the straight-line method.

Agency Liability

The Organization serves as fiscal agent of funds for certain organizations. The amounts are reported as an agency liability in the Statements of Financial Position.

Deferred Revenue

Deferred revenue represents grant funds received in advance of the period in which the related services will be provided.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Support, Revenues and Expense Recognition

Contributions are recognized as support in the period the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

The Organization recognizes grant revenue in the period the related expenses are incurred.

All other revenues are recorded when earned.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For the years ended December 31, 2018 and 2017, revenue recognized as in-kind contributions and contributed services totaled \$9,714 and \$8,142, respectively. In addition, the Organization received donated office furniture and equipment of \$3,100 during the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of time, effort and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is July 18, 2019.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein and retrospectively restated the prior year financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 11), and disclosures related to the functional allocation of expenses were expanded (Note 1).

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

The impact of the adoption of ASU No. 2016-14 on the Organization's net assets are as follows:

Statement of Financial Position

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
Unrestricted net assets	\$ 524,461	\$ (524,461)	\$ -0-
Temporarily restricted net assets	453,351	(453,351)	-0-
Without donor restrictions	-0-	524,461	524,461
With donor restrictions	<u>-0-</u>	<u>453,351</u>	<u>453,351</u>
Total net assets	<u>\$ 977,812</u>	<u>\$ -0-</u>	<u>\$ 977,812</u>

Statement of Activities

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
Changes in unrestricted net assets	\$ 152,688	\$ (152,688)	\$ -0-
Changes in temporarily restricted net assets	(60,589)	60,589	-0-
Changes in net assets without donor restrictions	-0-	152,688	152,688
Changes in net assets with donor restrictions	<u>-0-</u>	<u>(60,589)</u>	<u>(60,589)</u>
Total changes in net assets	<u>\$ 92,099</u>	<u>\$ -0-</u>	<u>\$ 92,099</u>

There was no significant impact to the statement of cash flows as a result of adopting this ASU.

3. BOARD DESIGNATED INVESTMENTS

The Organization has transferred assets to the Community Foundation of Jackson County, Inc. and retained a beneficial interest in those assets. The Organization is to receive a grant annually based upon the Community Foundation of Jackson County, Inc.'s spending policy. The Organization has granted variance power to the community foundation to carry out the purpose of the designated endowment created by the initial transfer.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- *Board designated investments:* Valued at fair value as reported by the Community Foundation of Jackson County (the “Foundation”), which represents the Organization’s pro-rata interest in the Foundation’s investment pool, substantially all of which are valued on a mark-to-market basis.

The fair value of these assets is measured on a recurring basis using significant unobservable inputs (Level 3) and included in the Statements of Financial Position at \$20,670 and \$22,306 at December 31, 2018 and 2017, respectively. The Organization’s policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. There were no transfers during 2018 or 2017.

The progression of this endowment fund is as follows:

	2018	2017
Beginning balance	\$ 22,306	\$ 20,537
Investment return, net	(318)	2,959
Grant payments	(950)	(817)
Administrative fees	(368)	(373)
	\$ 20,670	\$ 22,306

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

4. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
2016 Campaign due during the year ended December 31, 2017	\$ -0-	60,878
2017 Campaign due during the year ended December 31, 2018	106,087	323,886
2018 Campaign due during the year ended December 31, 2019	<u>408,163</u>	<u>-0-</u>
Totals	514,250	384,764
Less allowance for uncollectible pledges	<u>71,970</u>	<u>71,730</u>
	<u>\$ 442,280</u>	<u>\$ 313,034</u>

The campaign conducted during the fall of 2017 with pledges due in 2018 is referred to as the 2017 campaign, and the campaign conducted during the fall of 2018 with pledges due in 2019 is referred to as the 2018 campaign.

5. OFFICE FURNITURE AND EQUIPMENT

A summary of office furniture and equipment at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$ 38,507	\$ 39,899
Less accumulated depreciation	<u>33,434</u>	<u>33,010</u>
	<u>\$ 5,073</u>	<u>\$ 6,889</u>

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2018 and 2017 were \$23,214 and \$27,401, respectively. These amounts consist of donor designations payable to multiple not-for-profit agencies both within and outside of Jackson County to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2018 is expected to be paid in 2019 and 2020.

7. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017 are available to the following purposes:

	<u>2018</u>	<u>2017</u>
Restricted to future time period	\$ 581,241	\$ 433,834
Restricted for the following purposes:		
Rock 'n Ready	18,515	19,517
Day of Caring	<u>7,887</u>	<u>-0-</u>
	<u>26,402</u>	<u>19,517</u>
	<u>\$ 607,643</u>	<u>\$ 453,351</u>

Net assets released from restrictions consist of the following during the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Released from time restrictions	\$ 433,834	\$ 511,222
Restricted from the following purposes:		
Rock 'n Ready	<u>1,002</u>	<u>-0-</u>
	<u>\$ 434,836</u>	<u>\$ 511,222</u>

8. BOARD DESIGNATED RESERVE

The Organization maintains a reserve in an amount equal to at least three months average operating costs (defined as the Organization's funding and partner distributions as determined by the forthcoming year's budget) with a desired target balance of six months average operating costs.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

9. OPERATING LEASES

The Organization leases office space under a lease agreement through September 2020. Monthly payments include rent and utilities and total \$21,303 and \$21,097 for the years ended December 31, 2018 and 2017, respectively.

The future minimum lease payments at December 31, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 23,837
2020	<u>17,878</u>
	<u>\$ 41,715</u>

10. RELATED PARTY TRANSACTIONS

The Organization received \$32,175 and \$32,134 in contributions from members of the Organization’s board of directors and employees during the years ended December 31, 2018 and 2017, respectively.

11. LIQUIDITY AND AVAILABILITY

As a fundraising entity, the Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 12-month period. During that same 12-month period, additional contributions are received from donors.

Financial assets available for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash	\$ 674,315
Certificates of deposit	41,640
Pledges receivable, net	442,280
Grant receivable	<u>20,722</u>
	<u>\$ 1,178,957</u>

The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable.

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The Organization maintains a reserve which represents 3-months of average operating costs. At December 31, 2018, the reserve balance included in the financial assets above is \$158,750.

12. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Jackson County, Indiana. Although the Organization is directly affected by the well-being of the economy of Jackson County, management does not believe significant credit risk exists at December 31, 2018.

The Organization maintains its cash and certificates of deposit in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and certificates of deposit.

13. RECENTLY ISSUED ACCOUNTING STANDARDS

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This new standard, which the Organization is not required to adopt until its year ending December 31, 2020, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their consolidated statements of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's consolidated statements of financial position.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating

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whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow an not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending December 31, 2019.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY UNITED WAY, INC.

SCHEDULES OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

Agency	2018			2017
	Allocation	Program	Total	Allocation
American Red Cross	\$ 36,873	\$ 18,268	\$ 55,141	\$ 52,676
Hoosier Trails Boy Scouts	10,862	3,719	14,581	15,168
Kentuckiana Girl Scouts	12,483	3,143	15,626	17,833
Mental Health America	6,570	1,998	8,568	9,175
Jackson County ARC	7,165	2,524	9,689	10,236
Salvation Army	3,107	1,300	4,407	3,772
Boys & Girls Club	71,814	19,896	91,710	101,351
Girls, Inc.	89,031	35,681	124,712	128,480
Meals on Wheels	1,080	120	1,200	1,200
Brownstown Senior Citizens	3,150	350	3,500	3,500
Medora Senior Citizens	1,530	170	1,700	1,700
Big Brothers Big Sisters	36,264	13,868	50,132	51,806
Crothersville Senior Citizens	3,150	350	3,500	3,500
Human Services	3,773	11,058	14,831	5,269
Turning Point	17,973	11,690	29,663	26,969
Read Jackson County	15,357	3,625	18,982	21,445
Seymour Senior Citizens	2,430	270	2,700	2,700
Child Care Network	10,599	7,514	18,113	15,141
Anchor House	17,334	11,338	28,672	26,056
Freetown Senior Citizens	1,170	130	1,300	1,300
	<u>\$ 351,715</u>	<u>\$ 147,012</u>	<u>\$ 498,727</u>	<u>\$ 499,277</u>

See report of independent auditors on pages 1 and 2.