

GREATER OTTAWA COUNTY
UNITED WAY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018



**Greater Ottawa County
United Way**

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Independent Auditors' Report

June 25, 2019

To the Board of Directors
Greater Ottawa County United Way, Inc.
Holland, Michigan

We have audited the accompanying financial statements of Greater Ottawa County United Way, Inc. which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Greater Ottawa County United Way, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Greater Ottawa County United Way, Inc.'s March 31, 2018 financial statements, and our report dated June 21, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ferris, Busscher & Zwierns, P.C.

FERRIS, BUSSCHER & ZWIERS, P.C.

Certified Public Accountants

Holland, Michigan

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

	2019	2018
Assets		
Current assets:		
Cash and equivalents	\$ 143,530	\$ 268,821
Restricted cash	-	100,880
Investments	524,050	827,536
Restricted investments	173,077	-
Accounts receivable:		
2018 campaign pledges, net of allowance	871,529	-
2017 campaign pledges, net of allowance	76,433	1,057,979
Grants receivable, net of discount	171,500	151,900
Other pledges	500	4,269
Prepaid expenses	18,586	16,808
Total current assets	<u>1,979,205</u>	<u>2,428,193</u>
Grants receivable, net of current portion and discount	402,325	562,675
Leasehold improvements and equipment, net	74,993	85,349
Beneficial interest in assets held by others	<u>337,148</u>	<u>331,514</u>
Total assets	<u>\$ 2,793,671</u>	<u>\$ 3,407,731</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 17,642	\$ 37,912
Designations payable	209,011	260,838
Grants payable	11,239	15,008
Total current liabilities	<u>237,892</u>	<u>313,758</u>
Net assets:		
Without donor restrictions	866,850	1,227,166
With donor restrictions	<u>1,688,929</u>	<u>1,866,807</u>
Total net assets	<u>2,555,779</u>	<u>3,093,973</u>
Total liabilities and net assets	<u>\$ 2,793,671</u>	<u>\$ 3,407,731</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues, Gains and Other Support				
Gross campaign 2016	\$ -	\$ -	\$ -	\$ 38,905
Gross campaign 2017	86,714	-	86,714	2,374,034
Less donor designations	-	-	-	(267,038)
Less allowance for uncollectible pledges	-	-	-	(126,420)
Net campaign 2017	<u>86,714</u>	<u>-</u>	86,714	<u>1,980,576</u>
Gross campaign 2018	-	2,072,930	2,072,930	-
Less donor designations	-	(241,754)	(241,754)	-
Less allowance for uncollectible pledges	-	(109,871)	(109,871)	-
Net campaign 2018	<u>-</u>	<u>1,721,305</u>	1,721,305	<u>-</u>
2017 campaign released from restrictions	981,546	(981,546)	-	-
2018 campaign released from restrictions	849,777	(849,777)	-	-
Total net campaign	<u>1,918,037</u>	<u>(110,018)</u>	1,808,019	<u>2,019,481</u>
Other revenues, gains and support:				
Investment income, bank investments	43,843	-	43,843	80,643
Beneficial interests income,				
Grand Haven Area Community Foundation	13,423	-	13,423	33,967
Administrative fees	7,273	-	7,273	5,888
Grants and bequests, net of discount	203,533	30,791	234,324	936,122
Other income	70,237	-	70,237	82,627
Contracted support	157,224	-	157,224	145,806
In-kind contributions	76,264	-	76,264	139,808
Loss on sale of equipment	-	-	-	(395)
Released from restrictions	98,651	(98,651)	-	-
Total other revenues, gains, and support	<u>2,588,485</u>	<u>(177,878)</u>	2,410,607	<u>3,443,947</u>
Expenses				
Program services:				
Allocations	1,138,039	-	1,138,039	1,140,384
Designations	241,754	-	241,754	267,038
Other program services	762,244	-	762,244	670,128
Total program services	<u>2,142,037</u>	<u>-</u>	2,142,037	<u>2,077,550</u>
General and administrative	428,311	-	428,311	267,623
Fundraising	378,453	-	378,453	340,532
Total expenses	<u>2,948,801</u>	<u>-</u>	2,948,801	<u>2,685,705</u>
Changes in net assets	(360,316)	(177,878)	(538,194)	758,242
Net assets at beginning of year	304,569	2,789,404	3,093,973	2,335,731
Reclassification of net assets	922,597	(922,597)	-	-
Net assets at beginning of year, reclassified	<u>1,227,166</u>	<u>1,866,807</u>	3,093,973	<u>2,335,731</u>
Net assets at end of year	<u>\$ 866,850</u>	<u>\$ 1,688,929</u>	\$ 2,555,779	<u>\$ 3,093,973</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2018

	Program Services	General and Administrative	Fundraising	Total 2019	Total 2018
Salaries and related expenses:					
Salaries	\$ 317,852	\$ 225,032	\$ 144,088	\$ 686,972	\$ 596,709
Payroll taxes, insurance and retirement	98,097	52,819	50,354	201,270	187,211
Total salaries and related expenses	<u>415,949</u>	<u>277,851</u>	<u>194,442</u>	<u>888,242</u>	<u>783,920</u>
Operating expenses:					
Advertising	2,275	11,847	59,867	73,989	78,352
Conferences, conventions and meetings	23,163	24,185	11,923	59,271	16,904
Contract labor	980	-	39,636	40,616	40,518
Equipment maintenance and expense	38,492	23,899	7,587	69,978	47,092
Insurance	3,052	1,018	1,018	5,088	5,318
Membership dues	26,528	11,901	11,084	49,513	39,362
Mileage	7,388	5,349	3,636	16,373	12,455
Miscellaneous	150	12,505	350	13,005	13,487
Occupancy	23,717	7,900	7,880	39,497	37,433
Postage and shipping	884	2,265	4,303	7,452	6,719
Printing and publications	3,323	4,662	3,290	11,275	24,845
Professional fees	-	14,263	-	14,263	14,675
Special events and fundraising	154,787	3,487	13,144	171,418	111,516
Special projects	52,500	458	-	52,958	13,114
Supplies	1,186	6,239	693	8,118	4,922
Telephone	7,870	2,827	3,167	13,864	12,329
Total operating expenses	<u>346,295</u>	<u>132,805</u>	<u>167,578</u>	<u>646,678</u>	<u>479,041</u>
Campaign expenses:					
Allocations	1,138,039	-	-	1,138,039	1,140,384
Designations	241,754	-	-	241,754	267,038
Campaign expenses	-	-	16,433	16,433	7,532
Total campaign expenses	<u>1,379,793</u>	<u>-</u>	<u>16,433</u>	<u>1,396,226</u>	<u>1,414,954</u>
Depreciation	<u>-</u>	<u>17,655</u>	<u>-</u>	<u>17,655</u>	<u>7,790</u>
Total functional expenses	<u>\$ 2,142,037</u>	<u>\$ 428,311</u>	<u>\$ 378,453</u>	<u>\$ 2,948,801</u>	<u>\$ 2,685,705</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (538,194)	\$ 758,242
Noncash items included in change in net assets:		
Depreciation	17,655	7,790
Unrealized gain on investments and beneficial interests	(18,264)	(65,915)
Realized gain on investments and beneficial interests	(1,678)	(16,514)
Dividend and interest income from investments and beneficial interests, net	(26,908)	(32,181)
Donation of equipment	-	(60,046)
Loss and sale of equipment	-	395
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable, prepaid expenses and grants receivable	252,758	(718,536)
Increase (decrease) in accounts, designations, and grants payable	(75,866)	83,939
Net cash used by operating activities	<u>(390,497)</u>	<u>(42,826)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments, net	171,625	258,015
Purchase of equipment	(7,299)	(14,009)
Net cash provided by investing activities	<u>164,326</u>	<u>244,006</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(226,171)	201,180
Cash, cash equivalents, and restricted cash balance at beginning of year	<u>369,701</u>	<u>168,521</u>
Cash, cash equivalents, and restricted cash balance at end of year	<u>\$ 143,530</u>	<u>\$ 369,701</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

1. Nature of Organization and Summary of Significant Accounting Policies

General

Greater Ottawa County United Way, Inc. is a non-profit organization dedicated to increasing the organized capacity of people to care for one another. Through the Organization's Community Investment program, financial support is provided to approximately sixty member agencies to fund their own programs. These agencies' programs provide basic services (food, clothing, shelter), substance abuse counseling, domestic violence counseling, day care services, in-home care for the elderly, employment assistance for disabled persons, and much more.

The Organization is the fiduciary for several community initiatives, including the Lakeshore Housing Alliance, the Housing Initiative and Housing Next. As part of the fiduciary duties the Organization is responsible for the administering nearly one million dollars of grant funding.

The Organization is affiliated with United Way Worldwide and engages in collaborative efforts with other local United Ways. It is important to note that a founding principle of the United Way movement is local autonomy and the value of local citizens making decisions to meet local needs. United Way Worldwide has no governing or legal responsibility of local United Ways, and acts as a coordinating and advisory body.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, not including money market accounts which are included in investments for financial reporting purposes.

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are required to be measured at fair value in the statements of financial position.

Restricted Cash and Investments

The Organization serves as the fiduciary for several initiatives. A portion of the funds received for these initiatives are restricted along with the donor restrictions of other donations received. The Organization has the following restricted funds at March 31:

	2019	2018
Restricted cash – Recovery Fest	\$ -	\$ 4,927
Restricted cash – Ottawa Food	-	1,700
Restricted cash – Housing Initiative	-	60,500
Restricted cash – Housing Next	-	8,260
Restricted cash – funds held for program expenses	-	25,493
Restricted investment – Recovery Fest	4,235	-
Restricted investment – Ottawa Food	1,700	-
Restricted investment – Housing Initiative	117,290	-
Restricted investment – Housing Next	25,852	-
Restricted investment – funds held for program expenses	<u>24,000</u>	<u>-</u>
 Total restricted cash and investments	 <u>\$ 173,077</u>	 <u>\$ 100,880</u>

Total cash and cash equivalents as shown on the statement of financial position for March 31, 2018 is comprised of \$268,821 of unrestricted cash and \$100,880 of restricted cash, for a total of \$369,701 of cash, cash equivalents and restricted cash presented on the statement of cash flows.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The majority of the promises to give are received from a broad base of Ottawa County contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management's evaluation of the percent of total campaign revenue that will not be collected.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The following is a schedule of unconditional campaign promises to give as of March 31:

	2019	2018
Receivable in less than one year	\$ 1,184,253	\$ 1,309,024
Allowance for uncollectible promises to give, 2018 campaign	(109,871)	-
Allowance for uncollectible promises to give, 2017 campaign	(126,420)	(126,420)
Allowance for uncollectible promises to give, 2016 campaign	<u>-</u>	<u>(124,625)</u>
Net unconditional campaign promises to give	<u>\$ 947,962</u>	<u>\$ 1,057,979</u>

The following is a schedule of unconditional grant promises to give as of March 31:

	2019	2018
Receivable in less than one year	\$ 175,000	\$ 155,000
Receivable in one to five years	<u>425,000</u>	<u>600,000</u>
Total unconditional grant promises to give	600,000	755,000
Discounted to present value based on a discount rate of 2%	<u>(26,175)</u>	<u>(40,425)</u>
Net unconditional grant promises to give	<u>\$ 573,825</u>	<u>\$ 714,575</u>

Leasehold Improvements and Equipment

Leasehold improvements and equipment are carried at cost and the provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets. Fixed assets that have a useful life over one year are capitalized.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

The value of donated services included in the financial statements and the corresponding expenses for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Advertising	\$ 54,700	\$ 62,000
Printing and publications	-	458
Conferences	6,456	1,175
Events	10,008	10,726
Materials	5,100	5,403
Office furniture	<u>-</u>	<u>60,046</u>
 Total in-kind contributions	 <u>\$ 76,264</u>	 <u>\$ 139,808</u>

Numerous individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for these services because they did not meet the criteria for recognition under FASB ASC 958-605-20, nor is a value for these services readily determined.

Tax Exempt Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to federal or state income tax.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Payroll and related expenses are allocated based on activity reports generated by the Organization's management.

Rent, utilities, operation, and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Change in Accounting Principle

The Organization implemented FASB ASU No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958), in the current year, applying the changes retrospectively to net assets. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (note 2).

The changes have the following effect on net assets at March 31:

	2019		2018	
	Prior to ASU 2016-14	After Adoption of ASU 2016-14	As Originally Presented*	After Adoption of ASU 2016-14
<u>Net asset classes</u>				
Unrestricted net assets	\$ 866,850	\$ -	\$1,227,166	\$ -
Temporarily restricted net assets	1,688,929	-	1,866,807	-
Permanently restricted net assets	-	-	-	-
Net assets without donor restriction	-	866,850	-	1,227,166
Net assets with donor restriction	<u>-</u>	<u>1,688,929</u>	<u>-</u>	<u>1,866,807</u>
 Total net assets	 <u>\$2,555,779</u>	 <u>\$2,555,779</u>	 <u>\$3,093,973</u>	 <u>\$3,093,973</u>

* Prior period net assets have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Advertising Costs

The Organization expenses all advertising costs as incurred.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization's management has evaluated events through June 25, 2019, the date on which the financial statements were available to be issued.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2019 are:

Financial Assets:	
Cash and cash equivalents	\$ 143,530
Investments	697,127
Pledges receivable	948,462
Grants receivable	171,500
Beneficial interest in assets held by others	<u>337,148</u>
Total financial assets	2,297,767
Less financial assets held to meet donor-imposed restrictions:	
Time restricted net assets (note 10)	(1,119,462)
Purpose restricted net assets (note 10)	(167,142)
Less beneficial interest in assets held by others:	
Investments	<u>(325,559)</u>
Total available for general expenditures within one year	<u>\$ 685,604</u>

The above table reflects the Organization's financial assets as of March 31, 2019, reduced by amounts not available for general use because of contractual, donor-imposed or time restrictions within one year. The Organization's beneficial interest in assets held by others is investments held with the Grand Haven Area Community Foundation. The Organization is allowed to withdrawal 4% of a three-year rolling average of the three most recent December 31 fund balances. The Organization may request additional funds above the 4% if funds are needed for a capital expenditure or if the Organization incurs an unexpected loss (see note 4).

3. Leasehold Improvements and Equipment

The capitalized value of leasehold improvements and equipment, and related accumulated depreciation, at March 31 are as follows:

	2019	2018
Leasehold improvements	\$ 11,425	\$ 11,425
Office equipment	<u>175,052</u>	<u>170,103</u>
Total leasehold improvements and equipment	186,477	181,528
Accumulated depreciation	<u>(111,484)</u>	<u>(96,179)</u>
Leasehold improvements and equipment, net	<u>\$ 74,993</u>	<u>\$ 85,349</u>

Depreciation expense for the years ended March 31, 2019 and 2018 was \$17,655 and \$7,790, respectively.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

4. Beneficial Interest in Assets Held by Others

The following was recorded on the Organization's statement of financial position as of March 31 and is being held at the Grand Haven Area Community Foundation:

	2019	2018
Volunteer Center Endowment Fund	\$ 317,103	\$ 312,167
Volunteer Center Designated Fund	<u>20,045</u>	<u>19,347</u>
Total beneficial interest in assets held by others	<u>\$ 337,148</u>	<u>\$ 331,514</u>

The Foundation has legal ownership of these assets and has the right to redirect the return to another beneficiary without the approval of the donor, the Organization, or any other party if distributions to the Organization become unnecessary, impossible, or inconsistent with the needs of the community. All distributions in excess of the annual 4% rolling-balance must be requested by the Organization and approved by the Foundation's board of trustees.

5. Fair Values of Assets

The Organization adopted the Financial Accounting Standards Board's (FASB) standard regarding Fair Value Measurements. The standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets valued using level 3 inputs are based on pricing models, discounted cash flow methodologies or similar techniques where at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. Valuation techniques utilized to determine fair values are consistently applied.

Fair Value Measurements Using:

		Quoted Prices in Active Markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2019	Fair Value			
Fifth Third Investments	\$ 697,127	\$ 697,127	\$ -	\$ -
Grand Haven Area Community Foundation	<u>337,148</u>	<u>-</u>	<u>-</u>	<u>337,148</u>
Total	<u>\$ 1,034,275</u>	<u>\$ 697,127</u>	<u>\$ -</u>	<u>\$ 337,148</u>
March 31, 2018				
Fifth Third Investments	\$ 827,536	\$ 827,536	\$ -	\$ -
Grand Haven Area Community Foundation	<u>331,514</u>	<u>-</u>	<u>-</u>	<u>331,514</u>
Total	<u>\$ 1,159,050</u>	<u>\$ 827,536</u>	<u>\$ -</u>	<u>\$ 331,514</u>

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

5. Fair Values of Assets (Continued)

Level 3 investments include pooled funds managed by Grand Haven Area Community Foundation on behalf of the Organization. The following is a summary of the activity of the level 3 investments as of March 31:

	2019	2018
Fair value, beginning	\$ 331,514	\$ 301,144
Ordinary income	7,635	6,668
Investment income:		
Realized	1,678	16,514
Unrealized	7,474	14,038
Management fees	(3,364)	(3,253)
Distributions	(7,789)	(3,597)
Fair value, ending	<u>\$ 337,148</u>	<u>\$ 331,514</u>

6. Designations Payable

Designations payable consist of the following as of March 31:

	2019	2018
Gross designations:		
Nonmember agencies	\$ 46,118	\$ 53,368
Other United Ways	106,079	146,603
Member agencies	<u>63,337</u>	<u>64,461</u>
Total gross designations	215,534	264,432
Designations paid by companies directly	(3,137)	(600)
Administrative fee	<u>(3,386)</u>	<u>(2,994)</u>
Total designations payable	<u>\$ 209,011</u>	<u>\$ 260,838</u>

7. Concentrations

2018 Campaign: Two companies' total corporate and employee pledges totaled 29% of the gross campaign revenue reported and 33% of the pledge receivable balance in the year ended March 31, 2019.

2017 Campaign: Two companies' total corporate and employee pledges totaled 25% of the gross campaign revenue reported and 25% of the pledge receivable balance in the year ended March 31, 2018.

8. Leases

The Organization entered into a five-year lease agreement for office space in Holland. The lease requires monthly payments of \$2,299 increasing by 2% every eighteen months. Monthly lease payments were \$2,299 for the year ended March 31, 2019. Lease payments are set to increase to \$2,345 on July 1, 2019. The lease expires December 31, 2019.

The Organization entered into a one-year lease agreement for office space in Grand Haven. The lease requires monthly payments of \$505 and expires in May of 2019.

The Organization is leasing a copy machine under a four-year lease. The lease requires monthly payments of \$447 and expires June 2021.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

8. Leases (Continued)

The Organization is leasing a postage machine under a month-to-month lease. The lease requires payments of \$172 a quarter plus applicable sales and use taxes.

Total lease expense for the years ended March 31, 2019 and 2018 was \$40,044 and \$37,693 respectively.

Future minimum payments for non-cancelable leases are as follows as of March 31:

2020	\$ 27,344
2021	5,364
2022	1,341

9. Retirement Plans

The Organization sponsors a 403(b) retirement savings plan for all employees of the Organization except those working less than 1,000 hours annually. Contributions to the plan are based upon 5% of eligible employee wages. The retirement plan contribution was \$33,921 and \$29,234 for the years ended March 31, 2019 and 2018, respectively.

10. Net Assets With Donor Restrictions

At March 31, net assets with donor restrictions are available for the following purposes or periods:

	2019	2018
Time restrictions:		
Pledges receivable, 2017 campaign	\$ 202,853	\$1,184,399
Pledges receivable, 2018 campaign	981,400	-
Allowance for uncollectible, 2017 campaign	(126,420)	(126,420)
Allowance for uncollectible, 2018 campaign	(109,871)	-
Grants receivable for future periods	573,825	714,575
Total net assets with time restrictions	<u>1,521,787</u>	<u>1,772,554</u>
Purpose restrictions:		
Housing Initiative	117,290	60,500
Housing Next	25,852	8,260
Funds received for future programs	24,000	25,493
Total net assets with purpose restrictions	<u>167,142</u>	<u>94,253</u>
Total net assets with donor restrictions	<u>\$1,688,929</u>	<u>\$1,866,807</u>

11. Commitments

The Organization entered into a service agreement with Allegan County United Way commencing January 1, 2017. Services provided to Allegan County United Way include fiduciary, human resources, administrative, communications, marketing, supervision and mentoring. Annual payments of \$140,200 plus a service fee of 12% are due in quarterly installments. The agreement expires December 31, 2019 and can be renewed under similar terms.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

12. Endowment Funds

During 1998, the Volunteer Center of Greater Ottawa County United Way, Inc. received funding of \$50,000 for the establishment of an endowment fund on its behalf at the Community Foundation of the Holland/Zeeland Area. The amounts contributed by donors to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from the earnings of the endowment fund to be used to fund the operations of the Volunteer Center. The fair market value of the endowment fund, as reported by the Community Foundation of the Holland/Zeeland Area, was \$179,389 and \$182,362 as of March 31, 2019 and 2018, respectively.

In July 2001, Greater Ottawa County United Way, Inc. established an endowment fund with the Community Foundation of the Holland/Zeeland Area. This fund was funded with a donation for the purpose of providing substance abuse services. The amounts contributed by the donor to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from the earnings of the endowment fund. The fair market value of the endowment fund, as reported by the Community Foundation of the Holland/Zeeland Area, was \$44,730 and \$45,470 as of March 31, 2019 and 2018, respectively.

In 1997, Greater Ottawa County United Way, Inc. established an endowment fund with the Grand Haven Area Community Foundation. The amounts contributed by third parties to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from earnings of the endowment. The fair market value of the endowment fund, as reported by the Grand Haven Area Community Foundation, was \$213,518 and \$216,329 as of March 31, 2019 and 2018, respectively.

Supplementary Information

GREATER OTTAWA COUNTY UNITED WAY, INC.
SCHEDULES OF PROGRAM EXPENSES
YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2018

	Community Investment	Lakeshore Housing Alliance	Students Live United	Volunteer Centers	Ottawa Housing Next	2019 Total	2018 Total
Salaries and related expenses:							
Salaries	\$ 81,776	\$ 61,104	\$ 15,540	\$ 63,234	\$ 96,198	\$ 317,852	\$ 323,837
Payroll taxes, insurance and retirement	25,899	22,932	2,245	20,343	26,678	98,097	98,581
Total salaries and related expenses	<u>107,675</u>	<u>84,036</u>	<u>17,785</u>	<u>83,577</u>	<u>122,876</u>	415,949	<u>422,418</u>
Operating expenses:							
Advertising	862	288	288	837	-	2,275	43,299
Conferences, conventions and meetings	13,578	2,667	126	4,281	2,511	23,163	7,131
Contract labor	980	-	-	-	-	980	4,518
Equipment maintenance and expense	20,251	8,574	2,814	6,681	172	38,492	26,204
Insurance	1,525	509	509	509	-	3,052	3,341
Membership dues	12,276	4,685	3,956	4,740	871	26,528	12,660
Mileage	1,513	1,036	479	1,323	3,037	7,388	4,597
Miscellaneous	43	-	107	-	-	150	2,093
Occupancy	11,849	3,950	3,950	3,968	-	23,717	22,426
Postage and shipping	300	137	49	398	-	884	884
Printing and publications	1,805	532	493	493	-	3,323	2,019
Special events and fundraising	76,675	24,688	1,950	13,510	37,964	154,787	96,853
Special projects	52,500	-	-	-	-	52,500	12,868
Supplies	431	171	195	389	-	1,186	1,160
Telephone	3,772	1,191	1,228	1,229	450	7,870	7,657
Total operating expenses	<u>198,360</u>	<u>48,428</u>	<u>16,144</u>	<u>38,358</u>	<u>45,005</u>	346,295	<u>247,710</u>
Campaign expenses:							
Allocations	1,138,039	-	-	-	-	1,138,039	1,140,384
Designations	241,754	-	-	-	-	241,754	267,038
Total campaign expenses	<u>1,379,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	1,379,793	<u>1,407,422</u>
Total program expenses	<u>\$ 1,685,828</u>	<u>\$ 132,464</u>	<u>\$ 33,929</u>	<u>\$ 121,935</u>	<u>\$ 167,881</u>	\$ 2,142,037	<u>\$ 2,077,550</u>

See independent auditors' report