

**UNITED WAY OF HARRISONBURG AND
ROCKINGHAM COUNTY, INC.**

FINANCIAL REPORT

April 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Harrisonburg and Rockingham County, Inc.
Harrisonburg, Virginia

We have audited the accompanying financial statements of the United Way of Harrisonburg and Rockingham County, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 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 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 the United Way of Harrisonburg and Rockingham County, Inc. as of April 30, 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 20, 2018

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

April 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 283,496	\$ 73,435	\$ 356,931
Pledges receivable, net (Note 2)	271,055	-	271,055
Prepaid expenses	1,868	-	1,868
Investments (Notes 3 and 4)	1,108,817	1,630	1,110,447
Equipment, net (Note 5)	18,736	-	18,736
	<u>\$ 1,683,972</u>	<u>\$ 75,065</u>	<u>\$ 1,759,037</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Allocations payable	\$ 492,630	\$ -	\$ 492,630
Accounts payable and accrued expenses	19,554	-	19,554
Deferred revenue	8,009	-	8,009
Custodial liabilities			
Partner and non-partner agencies	64,862	-	64,862
Pass through grants	-	-	-
	<u>585,055</u>	<u>-</u>	<u>585,055</u>
NET ASSETS			
Unrestricted			
Board designated			
United Way Community Care Fund	395,025	-	395,025
Campaign reserve	309,509	-	309,509
Undesignated	394,383	-	394,383
Temporarily restricted (Note 6)	-	75,065	75,065
	<u>1,098,917</u>	<u>75,065</u>	<u>1,173,982</u>
Total net assets	<u>1,098,917</u>	<u>75,065</u>	<u>1,173,982</u>
Total liabilities and net assets	<u>\$ 1,683,972</u>	<u>\$ 75,065</u>	<u>\$ 1,759,037</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

April 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 331,323	\$ 29,078	\$ 360,401
Pledges receivable, net (Note 2)	322,953	-	322,953
Prepaid expenses	2,387	-	2,387
Investments (Notes 3 and 4)	1,135,611	1,443	1,137,054
Equipment, net (Note 5)	11,694	-	11,694
	<u>1,803,968</u>	<u>30,521</u>	<u>1,834,489</u>
Total assets	<u>\$ 1,803,968</u>	<u>\$ 30,521</u>	<u>\$ 1,834,489</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Allocations payable	\$ 571,000	\$ -	\$ 571,000
Accounts payable and accrued expenses	19,656	-	19,656
Custodial liabilities			
Partner and non-partner agencies	64,787	-	64,787
Pass through grants	2,232	-	2,232
	<u>657,675</u>	<u>-</u>	<u>657,675</u>
Total liabilities	<u>657,675</u>	<u>-</u>	<u>657,675</u>
NET ASSETS			
Unrestricted			
Board designated			
United Way Community Care Fund	400,298	-	400,298
Campaign reserve	309,509	-	309,509
Undesignated	436,486	-	436,486
Temporarily restricted (Note 6)	-	30,521	30,521
	<u>1,146,293</u>	<u>30,521</u>	<u>1,176,814</u>
Total net assets	<u>1,146,293</u>	<u>30,521</u>	<u>1,176,814</u>
Total liabilities and net assets	<u>\$ 1,803,968</u>	<u>\$ 30,521</u>	<u>\$ 1,834,489</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF ACTIVITIES

Year Ended April 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Campaign applicable to current period			
Contributions received for current period in current period	\$ 847,432	\$ -	\$ 847,432
Donor designations	(63,491)	-	(63,491)
Allowance for uncollectible pledges, net of recoveries	(23,832)	-	(23,832)
Grants	-	90,168	90,168
Net assets released from restriction Purpose restrictions	69,733	(69,733)	-
Total for current period	<u>829,842</u>	<u>20,435</u>	<u>850,277</u>
Campaign applicable to future allocations periods			
Contributions received	<u>-</u>	<u>13,921</u>	<u>13,921</u>
Total for future periods	<u>-</u>	<u>13,921</u>	<u>13,921</u>
Other revenue and support			
Gifts in kind	224,786	-	224,786
Investment income (Note 3)	61,354	188	61,542
Other	52,750	10,000	62,750
Total other revenue and support	<u>338,890</u>	<u>10,188</u>	<u>349,078</u>
Total revenue and other support	<u>1,168,732</u>	<u>44,544</u>	<u>1,213,276</u>
Expenses			
Community services (including grants and allocations of \$507,492)	941,427	-	941,427
Support services			
Administrative expenses	142,699	-	142,699
Campaign fundraising	121,973	-	121,973
United Way Worldwide dues	10,009	-	10,009
Total expenses	<u>1,216,108</u>	<u>-</u>	<u>1,216,108</u>
Change in net assets	(47,376)	44,544	(2,832)
Net assets, beginning	<u>1,146,293</u>	<u>30,521</u>	<u>1,176,814</u>
Net assets, ending	<u>\$ 1,098,917</u>	<u>\$ 75,065</u>	<u>\$ 1,173,982</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF ACTIVITIES

Year Ended April 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Campaign applicable to current period			
Contributions received for current			
period in current period	\$ 975,432	\$ -	\$ 975,432
Donor designations	(62,199)	-	(62,199)
Allowance for uncollectible pledges,			
net of recoveries	(68,731)	-	(68,731)
Grants	-	54,917	54,917
Net assets released from restriction			
Purpose restrictions	75,820	(75,820)	-
	<u>920,322</u>	<u>(20,903)</u>	<u>899,419</u>
Other revenue and support			
Gifts in kind	205,500	-	205,500
Investment loss (Note 3)	89,799	191	89,990
Other	26,002	-	26,002
	<u>321,301</u>	<u>191</u>	<u>321,492</u>
Total other revenue and support			
Total revenue and other support	<u>1,241,623</u>	<u>(20,712)</u>	<u>1,220,911</u>
Expenses			
Community services (including grants and			
allocations of \$572,550)	966,189	-	966,189
Support services			
Administrative expenses	147,251	-	147,251
Campaign fundraising	130,841	-	130,841
United Way Worldwide dues	10,287	-	10,287
	<u>1,254,568</u>	<u>-</u>	<u>1,254,568</u>
Total expenses			
Change in net assets	(12,945)	(20,712)	(33,657)
Net assets, beginning	<u>1,159,238</u>	<u>51,233</u>	<u>1,210,471</u>
Net assets, ending	<u>\$ 1,146,293</u>	<u>\$ 30,521</u>	<u>\$ 1,176,814</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended April 30, 2018**

	Program Services		Support Services		Total Expenses
	Community Services	Administrative	Campaign Fund Raising	United Way Worldwide Dues	
Salaries	\$ 66,586	\$ 64,749	\$ 61,180	\$ -	\$ 192,515
Payroll taxes	4,636	4,508	4,260	-	13,404
Benefits	8,556	8,320	7,861	-	24,737
Community relations	7,404	374	-	-	7,778
Professional fees	1,539	33,986	-	-	35,525
Office supplies	-	1,754	15	-	1,769
Computer services	1,025	997	942	-	2,964
Telephone	1,056	1,027	970	-	3,053
Postage	-	2,489	1,177	-	3,666
Rent and utilities	5,396	5,247	4,958	-	15,601
Insurance	2,086	2,028	1,917	-	6,031
Repairs and maintenance	1,283	1,247	1,179	-	3,709
Technical support	2,956	2,874	2,716	-	8,546
Grants and allocations	507,492	-	-	-	507,492
Gifts in kind - community service	213,120	-	-	-	213,120
Printing	-	1,590	827	-	2,417
Travel	474	812	418	-	1,704
Conferences	-	1,062	200	-	1,262
Marketing	2,086	2,654	18,581	-	23,321
Gifts in kind - marketing	-	1,000	5,667	-	6,667
Public relations	599	1,339	-	-	1,938
Dues and membership	-	1,754	-	10,009	11,763
Depreciation	838	815	770	-	2,423
Special projects	132	-	-	-	132
Smart beginnings	96,287	-	-	-	96,287
Miscellaneous	17,876	2,073	8,335	-	28,284
	<u>\$ 941,427</u>	<u>\$ 142,699</u>	<u>\$ 121,973</u>	<u>\$ 10,009</u>	<u>\$ 1,216,108</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended April 30, 2017

	Program Services	Support Services			Total Expenses
	Community Services	Administrative	Campaign Fund Raising	United Way Worldwide Dues	
Salaries	\$ 71,187	\$ 63,698	\$ 55,294	\$ -	\$ 190,179
Payroll taxes	5,260	4,707	4,086	-	14,053
Benefits	11,612	10,391	9,020	-	31,023
Community relations	5,842	125	-	-	5,967
Professional fees	1,539	34,486	-	-	36,025
Office supplies	-	1,849	19	-	1,868
Computer services	1,166	1,044	906	-	3,116
Telephone	1,159	1,037	900	-	3,096
Postage	-	1,985	1,062	-	3,047
Rent and utilities	5,502	4,924	4,274	-	14,700
Insurance	1,799	1,610	1,398	-	4,807
Repairs and maintenance	1,124	1,005	873	-	3,002
Technical support	4,250	3,803	3,301	-	11,354
Grants and allocations	572,550	-	-	-	572,550
Gifts in kind - community service	195,214	-	-	-	195,214
Printing	-	315	685	-	1,000
Travel	126	383	248	-	757
Conferences	285	2,338	2,148	-	4,771
Marketing	-	9,653	35,874	-	45,527
Gifts in kind - marketing	-	-	10,286	-	10,286
Public relations	-	1,068	45	-	1,113
Dues and membership	-	1,766	-	10,287	12,053
Depreciation	543	486	422	-	1,451
Special projects	8,182	-	-	-	8,182
Smart beginnings	75,849	-	-	-	75,849
Miscellaneous	3,000	578	-	-	3,578
	<u>\$ 966,189</u>	<u>\$ 147,251</u>	<u>\$ 130,841</u>	<u>\$ 10,287</u>	<u>\$ 1,254,568</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF CASH FLOWS
Years Ending April 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,832)	\$ (33,657)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	2,422	1,451
Unrealized and realized gain on investments	(51,275)	(79,477)
Loss on disposal of property and equipment	139	-
In-kind gifts of property and equipment	(5,000)	-
Contributions restricted for long-term purposes	(10,000)	-
Change in assets and liabilities:		
Decrease in:		
Pledges receivable	51,898	94,817
Prepaid expenses	519	45
Increase (decrease) in:		
Accounts payable and accrued expenses	(102)	6,987
Deferred revenue	8,009	-
Allocations payable	(78,370)	-
Net cash used in operating activities	<u>(84,592)</u>	<u>(9,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	102,108	175,597
Purchase of investments	(24,226)	(24,774)
Purchase of property and equipment	(4,603)	(5,684)
Net cash provided by investing activities	<u>73,279</u>	<u>145,139</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	10,000	-
Decrease in custodial liabilities	(2,157)	(38,286)
Net cash provided by (used in) financing activities	<u>7,843</u>	<u>(38,286)</u>
Increase (decrease) in cash and cash equivalents	(3,470)	97,019
CASH AND CASH EQUIVALENTS		
Beginning	<u>360,401</u>	<u>263,382</u>
Ending	<u>\$ 356,931</u>	<u>\$ 360,401</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The United Way of Harrisonburg and Rockingham County, Inc. (United Way or Organization) is a non-profit community building organization, which conducts annual campaigns to raise support for the community and its partner agencies. Substantially all funds are raised from local sources in the Harrisonburg and Rockingham County, Virginia areas.

A summary of significant accounting policies follows:

Basis of financial statement presentations:

The financial statements of the United Way have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements present information regarding the United Way's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the United Way pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various restricted and other operating needs. The United Way has no permanently restricted net assets.

Revenue recognition:

Contributions, including pledges, are considered to be unrestricted unless specifically indicated as temporarily or permanently restricted by the donor. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. Contributions with restrictions that become satisfied within the same fiscal period are reported as unrestricted contributions in the statement of activities.

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

**NOTES TO FINANCIAL STATEMENTS
April 30, 2018**

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Revenue recognition (continued):

An allowance for uncollectible pledges is established for each campaign and reduces pledges receivable in the statement of financial position and is deducted from contributions in the statement of activities. Historically, the allowance is computed based on a three year historical collection rate applied to the total campaign. Pledges outstanding one year after the close of the campaign are deemed uncollectible and the provision for uncollectible pledges is adjusted for the uncollected amounts.

Gifts in kind and donated services:

Non-cash donations of equipment, materials, supplies, services or other items that benefit the operations of the United Way are included as unrestricted support in the period in which the benefit applies. Contribution of securities is recognized at the fair value of the securities on the date contributed, with gains or losses on the sale of such securities included in investment income. Gift in kind donations are reported at estimated fair value when received.

The United Way received approximately 7,000 hours of donated services from individual volunteers who participate in the United Way's programs and supporting services and has estimated the value of these services to be approximately \$171,000. However, the value of these donated services is not reflected in these financial statements because they do not meet the recognition requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Cash and cash equivalents:

The United Way considers all liquid investments with maturities of three months or less, excluding board appropriated funds reported as investments, to be cash equivalents. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing and non-interest bearing accounts.

Equipment:

Equipment with a cost above \$500 that is expected to be used for at least one year is capitalized. Equipment is stated at cost less accumulated depreciation and amortization, which are provided by the straight-line method over the following estimated useful lives:

Computer and equipment	3 – 7 years
Computer software	3 – 5 years

Investments:

Investments held by the United Way are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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

Custodial liabilities:

At times, the United Way acts as an agent for administering, collecting, and distributing funds for organizations. Amounts received are not activity of the United Way and therefore are recorded as assets with an appropriate offsetting liability. Campaign contributions designated for specific partner and non-partner agencies are also accounted for as agency funds and included in custodial liabilities.

Income taxes:

The Internal Revenue Service has determined that the United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision has been made for income tax expense. Donors may deduct contributions as provided in Section 170 of the Internal Revenue Code.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period in those statements. Actual results may differ from those estimates.

Subsequent events:

Subsequent events have been evaluated through August 20, 2018, the date the financial statements were available to be issued.

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 2. Pledges Receivable

Pledges receivable are expected to be received within one year and consist of the following:

	<u>2018</u>	<u>2017</u>
Prior year campaign	\$ 36,723	\$ 71,188
Current year campaign	<u>321,377</u>	<u>378,712</u>
Total pledges	358,100	449,900
Less allowance for uncollectible pledges - prior year campaign	(36,723)	(68,513)
Less allowance for uncollectible pledges - current year campaign	<u>(50,322)</u>	<u>(58,434)</u>
	<u>\$ 271,055</u>	<u>\$ 322,953</u>

Note 3. Investments

Investments consist of the following:

	<u>2018</u>	<u>2017</u>
Common stock	\$ 1,630	\$ 1,443
Community Foundation Investment Pool (Undivided interest in mutual funds)	<u>1,108,817</u>	<u>1,135,611</u>
Total investments	<u>\$ 1,110,447</u>	<u>\$ 1,137,054</u>

Investment income consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 24,375	\$ 24,859
Realized and unrealized gains	51,275	79,477
Investment fees	<u>(14,108)</u>	<u>(14,346)</u>
Total investment income	<u>\$ 61,542</u>	<u>\$ 89,990</u>

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 4. Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The United Way uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the United Way measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Community Foundation Investment Pool:

The United Way holds an undivided interest in a diversified pool of mutual funds sponsored by The Community Foundation of Harrisonburg and Rockingham County (the Foundation). The securities are held in an account in the name of the Foundation. The value of the United Way's interest in the pool is determined from observable Level 1 inputs and, accordingly, is classified as Level 2 in the fair value hierarchy.

Common Stock:

Common stock for which a quoted market price is available on an active market is classified as Level 1 in the fair value hierarchy.

The table below presents the balances of investments measured at fair value on a recurring basis by level within the hierarchy.

	April 30, 2018		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
The Community Foundation			
Investment Pool:			
Cash pool	\$ -	\$ 49,232	\$ 49,232
Fixed income	-	343,896	343,896
International growth	-	196,888	196,888
Large capital growth	-	229,871	229,871
Large capital value	-	123,843	123,843
Small/mid capital growth	-	85,833	85,833
Small/mid capital value	-	79,254	79,254
Common stock	<u>1,630</u>	<u>-</u>	<u>1,630</u>
	<u>\$ 1,630</u>	<u>\$ 1,108,817</u>	<u>\$ 1,110,447</u>

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2018

Note 4. Fair Value Measurements (Continued)

	April 30, 2017		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
The Community Foundation			
Investment Pool:			
Cash pool	\$ -	\$ 126,734	\$ 126,734
Fixed income	-	323,653	323,653
International growth	-	187,789	187,789
Large capital growth	-	229,548	229,548
Large capital value	-	119,731	119,731
Small/mid capital growth	-	76,787	76,787
Small/mid capital value	-	71,369	71,369
Common stock	<u>1,443</u>	<u>-</u>	<u>1,443</u>
	<u>\$ 1,443</u>	<u>\$ 1,135,611</u>	<u>\$ 1,137,054</u>

Note 5. Equipment

Equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Computer equipment and software	\$ 37,040	\$ 36,012
Office equipment, furniture and fixtures	<u>12,601</u>	<u>7,601</u>
	49,641	43,613
Less accumulated depreciation and amortization	<u>(30,905)</u>	<u>(31,919)</u>
Equipment, net	<u>\$ 18,736</u>	<u>\$ 11,694</u>

Depreciation expense for the year ended April 30, 2018 and 2017 was \$2,422 and \$1,451, respectively.

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Time restriction – term endowment	\$ 1,630	\$ 1,443
Time restriction – endowment	10,000	-
Time restriction – special event	13,921	-
Smart Beginnings	<u>49,514</u>	<u>29,078</u>
	<u>\$ 75,065</u>	<u>\$ 30,521</u>

Note 7. Related Party Transactions

Grant allocations are awarded to agencies by a committee of the board of directors. These allocations are awarded only after the agency goes through a rigorous certification process. The management of the United Way has no decision making authority with respect to these allocations.

The United Way awarded approximately \$17,000 and \$20,000 during 2017 and 2018, respectively, to an agency that is related to the United Way through a family relationship. This amount is included in Grants and Allocations on the Statement of Functional Expenses and in Allocations Payable on the Statement of Financial Position.

Note 8. Leases

In January 2015 the United Way entered a lease with Wharton Aldhizer & Weaver PLC to rent office space for \$1,200 monthly. The lease provides for an escalation of rent payments over the term of the contract. Rent expense was \$15,600 and \$14,700 for the years ended April 30, 2018 and April 30, 2017, respectively.

Minimum future lease payments under the lease for each year ended April 30 are as follows:

2019	\$ 16,000
2020	<u>11,200</u>
	<u>\$ 27,200</u>

Note 9. Subsequent Events

As of June 30, 2018, the Smart Beginnings program has transitioned from the fiscal care of the United Way to Harrisonburg City Public Schools.