

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

FINANCIAL REPORT

April 30, 2017

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 18, 2017

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> </u>	<u> </u>	<u> </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> </u>	<u> </u>	<u> </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> </u>	<u> </u>	<u> </u>
Total net assets	<u>1,146,293</u>	<u>30,521</u>	<u>1,176,814</u>
	<u> </u>	<u> </u>	<u> </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 FINANCIAL POSITION

April 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 213,401	\$ 49,981	\$ 263,382
Pledges receivable, net (Note 2)	417,770	-	417,770
Prepaid expenses	2,432	-	2,432
Investments (Notes 3 and 4)	1,207,148	1,252	1,208,400
Equipment, net (Note 5)	7,461	-	7,461
	<u>1,848,212</u>	<u>51,233</u>	<u>1,899,445</u>
Total assets	<u>\$ 1,848,212</u>	<u>\$ 51,233</u>	<u>\$ 1,899,445</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Allocations payable	\$ 571,000	\$ -	\$ 571,000
Accounts payable and accrued expenses	12,669	-	12,669
Custodial liabilities			
Partner and non-partner agencies	103,073	-	103,073
Pass through grants	2,232	-	2,232
	<u>688,974</u>	<u>-</u>	<u>688,974</u>
Total liabilities	<u>688,974</u>	<u>-</u>	<u>688,974</u>
NET ASSETS			
Unrestricted			
Board designated			
United Way Community Care Fund	371,225	-	371,225
Campaign reserve	309,509	-	309,509
Undesignated	478,504	-	478,504
Temporarily restricted (Note 6)	-	51,233	51,233
	<u>1,159,238</u>	<u>51,233</u>	<u>1,210,471</u>
Total net assets	<u>1,159,238</u>	<u>51,233</u>	<u>1,210,471</u>
Total liabilities and net assets	<u>\$ 1,848,212</u>	<u>\$ 51,233</u>	<u>\$ 1,899,445</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 income (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 fund raising	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 ACTIVITIES

Year Ended April 30, 2016

	<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	\$ 972,757	\$ -	\$ 972,757
Donor designations	(92,377)	-	(92,377)
Allowance for uncollectible pledges, net of recoveries	(65,540)	-	(65,540)
Grants	-	87,646	87,646
Net assets released from restriction			
Purpose restrictions	37,665	(37,665)	-
Time restrictions	3,000	(3,000)	-
	<u>855,505</u>	<u>46,981</u>	<u>902,486</u>
Other revenue and support			
Gifts in kind	222,783	-	222,783
Investment loss (Note 3)	(33,687)	(17)	(33,704)
Other	14,069	-	14,069
	<u>203,165</u>	<u>(17)</u>	<u>203,148</u>
Total other revenue and support			
	<u>1,058,670</u>	<u>46,964</u>	<u>1,105,634</u>
Expenses			
Community services (including grants and allocations of \$618,942)	954,255	-	954,255
Support services			
Administrative expenses	135,528	-	135,528
Campaign fund raising	133,756	-	133,756
United Way Worldwide dues	11,114	-	11,114
	<u>1,234,653</u>	<u>-</u>	<u>1,234,653</u>
Total expenses			
Change in net assets	(175,983)	46,964	(129,019)
Net assets, beginning	<u>1,335,221</u>	<u>4,269</u>	<u>1,339,490</u>
Net assets, ending	<u>\$ 1,159,238</u>	<u>\$ 51,233</u>	<u>\$ 1,210,471</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 FUNCTIONAL EXPENSES
Year Ended April 30, 2016

	Program Services	Support Services			Total Expenses
	Community Services	Administrative	Campaign Fund Raising	United Way Worldwide Dues	
Salaries	\$ 67,556	\$ 66,699	\$ 54,182	\$ -	\$ 188,437
Payroll taxes	5,168	5,102	4,145	-	14,415
Benefits	8,683	8,573	6,964	-	24,220
Community relations	6,193	72	-	-	6,265
Professional fees	1,539	34,386	-	-	35,925
Office supplies	410	2,109	456	-	2,975
Computer services	1,115	1,101	894	-	3,110
Telephone	945	933	758	-	2,636
Postage	-	1,758	1,287	-	3,045
Rent and utilities	5,162	5,097	4,141	-	14,400
Insurance	1,594	1,574	1,279	-	4,447
Repairs and maintenance	1,091	1,077	875	-	3,043
Technical support	3,013	506	411	-	3,930
Grants and allocations	618,942	-	-	-	618,942
Gifts in kind - community service	185,703	-	-	-	185,703
Printing	-	1,101	794	-	1,895
Travel	-	160	129	-	289
Conferences	-	-	2,910	-	2,910
Marketing	2,500	695	17,158	-	20,353
Gifts in kind - marketing	-	-	37,080	-	37,080
Public relations	-	2,413	-	-	2,413
Dues and membership	-	1,266	-	11,114	12,380
Depreciation	365	360	293	-	1,018
Special projects	3,636	-	-	-	3,636
Smart Beginnings	37,940	-	-	-	37,940
Miscellaneous	2,700	546	-	-	3,246
	<u>\$ 954,255</u>	<u>\$ 135,528</u>	<u>\$ 133,756</u>	<u>\$ 11,114</u>	<u>\$ 1,234,653</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (33,657)	\$ (129,019)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	1,451	1,018
Unrealized and realized (gain) loss on investments	(79,477)	45,672
Change in assets and liabilities:		
Decrease (increase) in:		
Pledges receivable	94,817	62,569
Prepaid expenses	45	(299)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,987	5,736
Allocations payable	-	(110,504)
Net cash used in operating activities	<u>(9,834)</u>	<u>(124,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	175,597	120,510
Purchase of investments	(24,774)	(27,263)
Purchase of property and equipment	<u>(5,684)</u>	<u>-</u>
Net cash provided by investing activities	<u>145,139</u>	<u>93,247</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in custodial liabilities	<u>(38,286)</u>	<u>(7,682)</u>
Net cash used in financing activities	<u>(38,286)</u>	<u>(7,682)</u>
Increase (decrease) in cash and cash equivalents	97,019	(39,262)
CASH AND CASH EQUIVALENTS		
Beginning	<u>263,382</u>	<u>302,644</u>
Ending	<u>\$ 360,401</u>	<u>\$ 263,382</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, 2017

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.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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 10,000 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 \$241,000. 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.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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 18, 2017, the date the financial statements were available to be issued.

Reclassifications:

Certain amounts in the prior period financial statements have been reclassified to conform to current year presentation.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

Note 2. Pledges Receivable

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

	<u>2017</u>	<u>2016</u>
Prior year campaign	\$ 71,188	\$ 82,269
Current year campaign	<u>378,712</u>	<u>457,633</u>
 Total pledges	 449,900	 539,902
 Less allowance for uncollectible pledges - prior year campaign	 (68,513)	 (73,619)
Less allowance for uncollectible pledges - current year campaign	<u>(58,434)</u>	<u>(48,513)</u>
	<u><u>\$ 322,953</u></u>	<u><u>\$ 417,770</u></u>

Note 3. Investments

Investments consist of the following:

	<u>2017</u>	<u>2016</u>
Common stock	\$ 1,443	\$ 1,252
Community Foundation Investment Pool (Undivided interest in mutual funds)	<u>1,135,611</u>	<u>1,207,148</u>
 Total investments	<u><u>\$ 1,137,054</u></u>	<u><u>\$ 1,208,400</u></u>

Investments income (loss) consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 24,859	\$ 27,478
Realized and unrealized gains (losses)	79,477	(45,672)
Investment Fees	<u>(14,346)</u>	<u>(15,510)</u>
 Total investment income (loss)	<u><u>\$ 89,990</u></u>	<u><u>\$ (33,704)</u></u>

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

**NOTES TO FINANCIAL STATEMENTS
April 30, 2017**

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, 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>

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

Note 4. Fair Value Measurements (Continued)

	April 30, 2016		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
The Community Foundation			
Investment Pool:			
Cash pool	\$ -	\$ 34,108	\$ 34,108
Fixed income	-	339,252	339,252
International growth	-	253,198	253,198
Large capital growth	-	291,311	291,311
Large capital value	-	124,261	124,261
Small/mid capital growth	-	89,005	89,005
Small/mid capital value	-	76,013	76,013
Common stock	<u>1,252</u>	<u>-</u>	<u>1,252</u>
	<u>\$ 1,252</u>	<u>\$ 1,207,148</u>	<u>\$ 1,208,400</u>

Note 5. Equipment

Equipment consists of the following:

	<u>2017</u>	<u>2016</u>
Computer equipment and software	\$ 36,012	\$ 30,328
Office equipment, furniture and fixtures	<u>7,601</u>	<u>7,601</u>
	43,613	37,929
Less accumulated depreciation and amortization	<u>(31,919)</u>	<u>(30,468)</u>
Equipment, net	<u>\$ 11,694</u>	<u>\$ 7,461</u>

Depreciation expense for the year ended April 30, 2017 and 2016 was \$1,451 and \$1,018, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Time restriction – term endowment	\$ 1,443	\$ 1,252
Smart Beginnings	<u>29,078</u>	<u>49,981</u>
	<u>\$ 30,521</u>	<u>\$ 51,233</u>

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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 \$30,000 and \$20,000 during 2016 and 2017, 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 \$14,700 and \$14,400 for the years ended April 30, 2017 and April 30, 2016, respectively.

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

2018	\$	15,600
2019		16,000
2020		<u>11,200</u>
	\$	<u><u>42,800</u></u>