UNITED WAY
MONTCALM-IONIA COUNTIES
FINANCIAL STATEMENTS
For the year ended March 31, 2018
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INDEPENDENT AUDITORS’ REPORT

The Board of Directors
United Way Montcalm - Ionia Counties

We have audited the accompanying financial statements of United Way Montcalm - Ionia Counties (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, 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.

Auditor’s 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Montcalm - Ionia Counties as of March 31, 2018, 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.

Hastings, MI
June 13, 2018

[Signature]
Walker, Fluke & Sheldon, PLC
United Way Montcalm - Ionia Counties  
Statement of Financial Position  
March 31, 2018

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### Assets

Current assets:
- Cash and cash equivalents $151,260
- Pledges receivable, net of allowance 155,929
- Accounts receivable 1,259
- Grants receivable 1,550
- Prepaid expenses 1,000

Total current assets 310,998

Property, furniture and equipment
- Less: accumulated depreciation 499
- Net property, furniture and equipment 4,491

Total assets $315,489

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### Liabilities and Net Assets

Current liabilities:
- Allocations payable $95,000
- Designated pledges payable 289
- Accrued and other liabilities 6,450
- Deferred revenue 10,597

Total current liabilities 112,336

Total liabilities 112,336

Net assets:
- Unrestricted (32,726)
- Temporarily restricted 235,879
- Permanently restricted

Total net assets 203,153

Total liabilities and net assets $315,489

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The accompanying notes are an integral part of these financial statements.
# United Way Montcalm - Ionia Counties
## Statement of Activities
### For the Year Ended March 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains, and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions received-prior year pledges</td>
<td>$3,028</td>
<td>$</td>
<td>$</td>
<td>$3,028</td>
</tr>
<tr>
<td>Campaign pledges</td>
<td>40,668</td>
<td>264,926</td>
<td></td>
<td>305,594</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor designations</td>
<td>-</td>
<td>(22,319)</td>
<td></td>
<td>(22,319)</td>
</tr>
<tr>
<td>Allowance for uncollectible pledges</td>
<td>-</td>
<td>(17,325)</td>
<td></td>
<td>(17,325)</td>
</tr>
<tr>
<td>Net campaign revenue</td>
<td>43,696</td>
<td>225,282</td>
<td></td>
<td>268,978</td>
</tr>
<tr>
<td>Grant and program income</td>
<td>714</td>
<td>7,161</td>
<td></td>
<td>7,875</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,304</td>
<td></td>
<td></td>
<td>1,304</td>
</tr>
<tr>
<td>Interest income</td>
<td>169</td>
<td></td>
<td></td>
<td>169</td>
</tr>
<tr>
<td></td>
<td>45,883</td>
<td>232,443</td>
<td></td>
<td>278,326</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>252,447</td>
<td>(252,447)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues, gains, and other support</td>
<td>298,330</td>
<td>(20,004)</td>
<td></td>
<td>278,326</td>
</tr>
</tbody>
</table>

### Expenses and losses:
#### Program expenses
- Allocations: $95,035
- Program services: $97,318
- General and administrative: $72,365
- Fundraising: $15,093

Total expenses and losses: $279,811

### Change in net assets
- $18,519
- ($20,004)
- ($1,485)

### Net assets at beginning of year
- $(51,245)
- $255,883
- $204,638

### Net assets at end of year
- $(32,726)
- $235,879
- $203,153

The accompanying notes are an integral part of these financial statements.
United Way Montcalm - Ionia Counties  
Statement of Functional Expenses  
For the Year Ended March 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fund Raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$54,939</td>
<td>$30,608</td>
<td>$6,838</td>
<td>$92,385</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>4,087</td>
<td>2,277</td>
<td>509</td>
<td>6,873</td>
</tr>
<tr>
<td>Payroll benefits and related expenses</td>
<td>2,333</td>
<td></td>
<td></td>
<td>2,333</td>
</tr>
<tr>
<td></td>
<td>61,359</td>
<td>32,885</td>
<td>7,347</td>
<td>101,591</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,353</td>
<td>1,661</td>
<td>-</td>
<td>3,014</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>891</td>
<td>-</td>
<td>891</td>
</tr>
<tr>
<td>Conference and meeting expenses</td>
<td>330</td>
<td>1,937</td>
<td>53</td>
<td>2,320</td>
</tr>
<tr>
<td>Contracted services</td>
<td>3,750</td>
<td>-</td>
<td>-</td>
<td>3,750</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>499</td>
<td>-</td>
<td>499</td>
</tr>
<tr>
<td>Dues and memberships</td>
<td>275</td>
<td>7,240</td>
<td>979</td>
<td>8,494</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>1,693</td>
<td>-</td>
<td>1,693</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>-</td>
<td>165</td>
<td>-</td>
<td>165</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Payments to Other Agencies</td>
<td>482</td>
<td>-</td>
<td>-</td>
<td>482</td>
</tr>
<tr>
<td>Postage</td>
<td>155</td>
<td>692</td>
<td>1,000</td>
<td>1,847</td>
</tr>
<tr>
<td>Printing and copying</td>
<td>99</td>
<td>-</td>
<td>-</td>
<td>99</td>
</tr>
<tr>
<td>Professional services</td>
<td>500</td>
<td>5,957</td>
<td>-</td>
<td>6,457</td>
</tr>
<tr>
<td>Rent</td>
<td>500</td>
<td>5,500</td>
<td>-</td>
<td>6,000</td>
</tr>
<tr>
<td>Software and computer support</td>
<td>890</td>
<td>1,442</td>
<td>-</td>
<td>2,332</td>
</tr>
<tr>
<td>Sponsor a Classroom</td>
<td>22,100</td>
<td>-</td>
<td>-</td>
<td>22,100</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,106</td>
<td>4,194</td>
<td>5,714</td>
<td>12,014</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>880</td>
<td>2,111</td>
<td>-</td>
<td>2,991</td>
</tr>
<tr>
<td>Travel and meeting expenses</td>
<td>2,498</td>
<td>5,498</td>
<td>-</td>
<td>7,996</td>
</tr>
</tbody>
</table>

Total expenses and losses  
$97,318 $72,365 $15,093 $184,776

The accompanying notes are an integral part of these financial statements.
United Way Montcalm - Ionia Counties  
Statement of Cash Flows  
For the Year Ended March 31, 2018

Cash flows from operating activities:
  Change in net assets $ (1,485)
  Adjustments to reconcile change in net assets to net cash used by operating activities:
    Depreciation expense 499
  Changes in current assets and liabilities:
    Accounts receivable (1,259)
    Pledges receivable 29,842
    Prepaid expenses (500)
    Allocations payable (5,000)
    Designated pledges payable (4,293)
    Accrued and other liabilities 3,208
    Deferred revenue 2,098
  Net cash received by operating activities 23,110

Cash flows from investing activities:
  Purchase of property and equipment (4,990)
  Net cash used by investing activities (4,990)

Cash flows from financing activities:
  Installment borrowing -
  Repayment on installment -
  Net cash used by financing activities -

Net decrease in cash and cash equivalents 18,120
Cash and cash equivalents at beginning of year 133,140
Cash and cash equivalents at end of year $ 151,260

The accompanying notes are an integral part of these financial statements.
Note A: Summary of Significant Accounting Policies

Nature of Activities - United Way Montcalm - Ionia Counties (the organization) is a non-profit corporation incorporated under section 501(c)(3) of the Internal Revenue Code. The purpose of this organization is:

a) To make studies of community needs and resources for the health, welfare and recreational needs of Montcalm and Ionia Counties.
b) To provide funds for the maintenance and operation of such agencies through funds raised.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets represent the organization's resources available for operations.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are primarily comprised of contributions raised from the annual campaign; these contributions are restricted for allocation to agencies during the next fiscal year.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents - For the statement of financial position and statement of cash flows, the organization considers cash and cash equivalents to consist of cash balances in checking accounts and certificates of deposit.

Pledges Receivable - An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. The campaign pledge period consists of the period beginning April 1 through February 28 of the following year. Accordingly, a receivable is recorded at year end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at March 31, 2018 are from corporations, employees and individuals from the prior year campaign. The organization maintains reserves for potential uncollectible pledges that, in the aggregate, have not exceeded management's expectations. After two years, uncollected campaign pledges are written off.

Allocations - Allocations result from contributions by donors that are not specifically directed to individual organizations and agencies. These funds are allocated for distribution to various member agencies and programs based on need and other criteria deemed appropriate by the Board of Directors. Total allocations are accrued at the conclusion of each annual fundraising campaign when approved by the Board of Directors, which is done in February of the following year.
Note A: Summary of Significant Accounting Policies (continued)

Property, Furniture and Equipment - The organization capitalized all expenditures for property, furniture and equipment acquisitions in excess of $500. Fixed assets are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer software</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10 years</td>
</tr>
</tbody>
</table>

During the year ended March 31, 2018, depreciation expense was $499.

Contributions - Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor-designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as contribution revenue by the organization. Both community-wide care donations and donor-designated pledges are shown net of an estimated allowance for uncollectible pledges.

Contributed Services - The organization received donated services from the community in carrying out its mission. No amounts have been reflected in the financial statements for those services, as they do not meet the criteria for recognition under SFAS No. 116.

Functional Expenses - Expenses have been charged directly to program or general administrative categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited.

Income Taxes - The organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made. The organization is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The organization as evaluated its tax positions and determined it has no uncertain tax positions and has recorded no obligation for unrelated business income tax. No provision for federal or state income taxes is required as of March 31, 2018. United Way Montcalm - Ionia Counties' 2013 through 2017 tax years are open for examination by the federal and state taxing authorities.

Concentrations - The organization's annual fundraising campaign is concentrated in the areas of Ionia and Montcalm Counties in Michigan. Collectively between the two counties, five companies accounted for approximately 30% of the total 2017/2018 campaign.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
United Way Montcalm - Ionia Counties
Notes to Financial Statements
March 31, 2018

Note B: Advertising Expenses

United Way Montcalm - Ionia Counties expenses advertising costs as incurred. The Organization expensed $3,014 during the year ended March 31, 2018. These expenses are primarily related to grant-related programs as reflected in the statement of functional expenses.

Note C: Pledges Receivable

Pledges receivable as of March 31, 2018, consist of the following:

<table>
<thead>
<tr>
<th>Amounts due in less than one year:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign Pledges 2017/2018</td>
</tr>
<tr>
<td>Amounts due in one year to five years</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
</tbody>
</table>

Less:

<table>
<thead>
<tr>
<th>Allowance for uncollectible pledges</th>
</tr>
</thead>
<tbody>
<tr>
<td>(17,325)</td>
</tr>
</tbody>
</table>

Net present value of pledges receivable $ 155,929

Note D: Grant Receivable

Grants receivable represents amounts due from various granting agencies. The full amount is expected to be collected in the next fiscal year; therefore, no allowance for doubtful accounts is required.

Note E: Net Assets

Temporarily restricted net assets consist of the following at March 31, 2018:

Deferred grant revenue for the following:

| CEDAM Grant                  | $ 960 |
| ASPR Grant                   | 765  |
| NACCHO Grant                 | 572  |
| MI Economic Impact           | 2,300 |
| UWW - My Free Taxes          | 6,000 |
| Campaign Pledges 2017/2018   | 225,282 |

Total temporarily restricted $ 235,879
Note F: Net Assets Released from Restrictions

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor.

Satisfaction of time restrictions accomplished:
  2016/2017 campaign pledges $ 247,385

Satisfaction of grant restrictions accomplished:
  Expenses incurred 5,062

$ 252,447

Note G: Lease Agreements

The organization leases office space under an annual operating agreement starting each July and expiring the following June. Rental expenses for the year ended March 31, 2018 was $6,000.

Note H: Concentrations of Credit Risk

The organization maintains bank accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. Cash at these institutions exceed federally insured limits at various times during the year. United Way Montcalm - Ionia Counties has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk. The amount in excess of the FDIC limits totaled $0 as of March 31, 2018.

Note I: Beneficial Interest in the Assets of another Organization

The United Way of Montcalm County Volunteer Connections Fund was established in 2001 and is managed and held by the Greenville Area Community Foundation. The purpose of the funds is to provide ongoing financial support for volunteerism in Montcalm County. As of March 31, 2018, the balance in the fund was $199,060 and of which there are $9,365 of spendable net assets that can be received on demand and the remaining balance of $189,695 represents non-spendable endowment net assets. The United Way of Montcalm County is subject to an administrative fee, which is withdrawn from their account each year.

Note J: Subsequent Events

The organization has evaluated subsequent events through June 13, 2018 the date which the financial statements were available to be issued.