

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016 AND 2015

CPAs / ADVISORS



UNITED WAY OF BARTHOLOMEW COUNTY, INC.

TABLE OF CONTENTS
DECEMBER 31, 2016 AND 2015

	Page
Report of Independent Auditors	1
 Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses.....	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
 Supplementary Information	
Consolidated Schedule of Allocations to Agencies.....	17
Consolidating Statement of Financial Position (2016 only)	18
Consolidating Statement of Activities (2016 only)	19



Blue & Co., LLC / 813 West Second Street / Seymour, IN 47274
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
United Way of Bartholomew County, Inc.
Columbus, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the United Way of Bartholomew County, Inc. (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, 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.

Report on Supplementary and Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on page 17 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information on pages 18 and 19 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

August 14, 2017

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 2,398,152	\$ 2,520,018
Accounts receivable	2,598	191
Pledges receivable, net	2,248,071	2,249,262
Other receivables	46,277	45,305
Other assets	15,616	27,970
Assets held by Heritage Fund of Bartholomew County, Inc.	49,021	44,144
Property and equipment, net	<u>4,611,177</u>	<u>4,820,879</u>
	<u>\$ 9,370,912</u>	<u>\$ 9,707,769</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 44,438	\$ 48,960
Designations payable	1,813,296	1,811,454
Deferred revenue	199,866	281,100
Debt	<u>485,083</u>	<u>506,927</u>
Total liabilities	2,542,683	2,648,441
Net assets		
Unrestricted	4,262,379	4,411,123
Temporarily restricted	2,558,850	2,641,205
Permanently restricted	<u>7,000</u>	<u>7,000</u>
Total net assets	<u>6,828,229</u>	<u>7,059,328</u>
	<u>\$ 9,370,912</u>	<u>\$ 9,707,769</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		Totals
Support and revenues					
Gross campaign results	\$ 315,493	\$ 3,865,143	\$ -0-	\$ 4,180,636	\$ 4,437,174
Less donor designations	(47,776)	(1,306,293)	-0-	(1,354,069)	(1,340,382)
Less provision for uncollectible accounts	(148,792)	-0-	-0-	(148,792)	(148,416)
Net campaign results	118,925	2,558,850	-0-	2,677,775	2,948,376
Grant and contribution revenue	749,954	-0-	-0-	749,954	539,427
Interest income	4,197	-0-	-0-	4,197	2,589
Rent income	506,805	-0-	-0-	506,805	476,142
Miscellaneous	5,769	-0-	-0-	5,769	293
Net assets released from restrictions	2,641,205	(2,641,205)	-0-	-0-	-0-
Total support and revenues	4,026,855	(82,355)	-0-	3,944,500	3,966,827
Expenses					
Program services	3,791,057	-0-	-0-	3,791,057	3,604,551
Management and general	154,468	-0-	-0-	154,468	155,193
Fundraising	230,074	-0-	-0-	230,074	245,873
Total expenses	4,175,599	-0-	-0-	4,175,599	4,005,617
Change in net assets	(148,744)	(82,355)	-0-	(231,099)	(38,790)
Net assets, beginning of year	4,411,123	2,641,205	7,000	7,059,328	7,098,118
Net assets, end of year	\$ 4,262,379	\$ 2,558,850	\$ 7,000	\$ 6,828,229	\$ 7,059,328

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Gross campaign results	\$ 471,952	\$ 3,965,222	\$ -0-	\$ 4,437,174
Less donor designations	(36,865)	(1,303,517)	-0-	(1,340,382)
Less provision for uncollectible accounts	<u>(127,916)</u>	<u>(20,500)</u>	-0-	<u>(148,416)</u>
Net campaign results	307,171	2,641,205	-0-	2,948,376
Grant and contribution revenue	539,427	-0-	-0-	539,427
Interest income	2,589	-0-	-0-	2,589
Rent income	476,142	-0-	-0-	476,142
Miscellaneous	293	-0-	-0-	293
Net assets released from restrictions	<u>2,516,278</u>	<u>(2,516,278)</u>	-0-	<u>-0-</u>
Total support and revenues	3,841,900	124,927	-0-	3,966,827
Expenses				
Program services	3,604,551	-0-	-0-	3,604,551
Management and general	155,193	-0-	-0-	155,193
Fundraising	<u>245,873</u>	-0-	-0-	<u>245,873</u>
Total expenses	<u>4,005,617</u>	<u>-0-</u>	<u>-0-</u>	<u>4,005,617</u>
Change in net assets	(163,717)	124,927	-0-	(38,790)
Net assets, beginning of year	<u>4,574,840</u>	<u>2,516,278</u>	<u>7,000</u>	<u>7,098,118</u>
Net assets, end of year	<u>\$ 4,411,123</u>	<u>\$ 2,641,205</u>	<u>\$ 7,000</u>	<u>\$ 7,059,328</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Agency allocations	\$ 1,934,300	\$ -0-	\$ -0-	\$ 1,934,300	\$ 1,900,000	\$ -0-	\$ -0-	\$ 1,900,000
Salaries	232,859	47,746	149,208	429,813	215,024	51,021	159,440	425,485
Payroll taxes, payroll administrative fees and employee benefits	66,698	12,062	37,693	116,453	56,839	12,887	40,273	109,999
Agency development	42,751	-0-	-0-	42,751	32,395	-0-	-0-	32,395
Professional fees	13,089	14,585	2,917	30,591	14,561	14,332	2,866	31,759
Advertising	57	1,795	5,384	7,236	228	1,256	3,768	5,252
Supplies	28,851	4,392	16,874	50,117	31,124	5,299	20,360	56,783
Dues and subscriptions	8,477	38,964	8,349	55,790	7,717	35,423	7,591	50,731
Printing and postage	1,786	2,824	5,161	9,771	2,495	3,985	7,282	13,762
Telephone	-0-	3,246	-0-	3,246	-0-	3,363	-0-	3,363
Equipment rent	-0-	2,897	-0-	2,897	-0-	3,058	-0-	3,058
Utilities	116,032	-0-	-0-	116,032	124,450	-0-	-0-	124,450
Insurance	24,400	-0-	-0-	24,400	24,413	-0-	-0-	24,413
Conferences and meetings	12,668	7,625	3,813	24,106	12,609	7,645	3,822	24,076
Miscellaneous	420	6,530	-0-	6,950	385	7,195	-0-	7,580
Repairs and maintenance	63,845	-0-	-0-	63,845	86,381	-0-	-0-	86,381
Technology	3,397	-0-	-0-	3,397	11,933	-0-	-0-	11,933
Travel	5,368	2,324	675	8,367	4,358	1,623	471	6,452
Interest	21,195	-0-	-0-	21,195	22,144	-0-	-0-	22,144
Depreciation	232,669	9,478	-0-	242,147	231,992	8,106	-0-	240,098
Special projects	5,789	-0-	-0-	5,789	36,758	-0-	-0-	36,758
Volunteer Action Center	128,182	-0-	-0-	128,182	99,369	-0-	-0-	99,369
Americorps expenses	210,547	-0-	-0-	210,547	212,594	-0-	-0-	212,594
211 South Central Indiana expenses	191,060	-0-	-0-	191,060	166,565	-0-	-0-	166,565
INvest1213 expenses	-0-	-0-	-0-	-0-	140,360	-0-	-0-	140,360
Work2gether expenses	278,456	-0-	-0-	278,456	93,900	-0-	-0-	93,900
UnitedIN16 expenses	45,425	-0-	-0-	45,425	-0-	-0-	-0-	-0-
PremiumLink expenses	29,887	-0-	-0-	29,887	-0-	-0-	-0-	-0-
Other program expenses	92,849	-0-	-0-	92,849	75,957	-0-	-0-	75,957
	<u>\$ 3,791,057</u>	<u>\$ 154,468</u>	<u>\$ 230,074</u>	<u>\$ 4,175,599</u>	<u>\$ 3,604,551</u>	<u>\$ 155,193</u>	<u>\$ 245,873</u>	<u>\$ 4,005,617</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating activities		
Change in net assets	\$ (231,099)	\$ (38,790)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	242,147	240,098
Provision for uncollectible accounts	148,792	148,416
Unrealized loss (gain) on assets held by Heritage Fund of Bartholomew County, Inc.	(3,715)	1,475
Changes in assets and liabilities:		
Accounts receivable	(2,407)	9,027
Pledges receivable	(147,601)	1,057,790
Other receivables	(972)	(15,289)
Other assets	12,354	(3,746)
Accounts payable and accrued expenses	(4,522)	(33,588)
Allocations payable	-0-	(800)
Designations payable	1,842	103,307
Deferred revenue	(81,234)	140,740
Net cash flows from operating activities	<u>(66,415)</u>	<u>1,608,640</u>
Investing activities		
Purchase of property and equipment	(32,445)	(40,791)
Contributions to assets held by Heritage Fund of Bartholomew County, Inc.	(1,162)	(1,108)
Net cash flows from investing activities	<u>(33,607)</u>	<u>(41,899)</u>
Financing activities		
Principal payments of debt	(21,844)	(21,032)
Net change in cash	(121,866)	1,545,709
Cash, beginning of year	<u>2,520,018</u>	<u>974,309</u>
Cash, end of year	<u>\$ 2,398,152</u>	<u>\$ 2,520,018</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 21,195	\$ 22,144

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Way of Bartholomew County, Inc. (the "United Way") was formed in 1967 to continually assess the needs of the people of Bartholomew County and improve their quality of life by raising and allocating funds for human care and developmental programs. Substantially all support is received from various individuals and businesses in Bartholomew County and surrounding areas.

During 2002, a building was donated to the United Way. In 2010, United Way Center of Bartholomew County, Inc. (the "Center") was formed as a supporting organization. The purpose of the Center is to own, manage, and maintain these facilities for the benefit of the United Way and its member agencies. The Center leases office space to several United Way member agencies, as well as the United Way for its headquarters.

Consolidated Financial Statements

The United Way appoints the majority of the board of directors and provides administrative services for the Center. The United Way and the Center also are co-makers of the mortgage held on the Center. The Center's net assets, if the Center is ever dissolved, will also revert to the United Way. Based on these factors, these entities (collectively referred to as the "Organization") present consolidated financial statements with any inter-entity transactions and balances eliminated as part of the consolidated financial statements for the years ended December 31, 2016 and 2015.

Management's Estimates

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

Basis of Presentation

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. These receivables relate to rent payments to be received from the tenants of the Center. No allowance for doubtful accounts was determined to be required by management at December 31, 2016 and 2015.

Pledges Receivable

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

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

Assets Held by Heritage Fund of Bartholomew County, Inc.

The Organization has placed certain amounts in custodial funds with the Heritage Fund of Bartholomew County, Inc. ("Heritage Fund") and retains a beneficial interest in those assets. The Organization has granted variance power to the Heritage Fund to carry out the purpose of the funds. The investment with the Heritage Fund is measured at fair value in the consolidated statements of financial position.

Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included in miscellaneous revenue in the consolidated statements of activities. The funds are invested in fixed income and equity mutual funds. At December 31, 2016 and 2015, these assets were \$49,021 and \$44,144, respectively.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

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

Deferred Revenue

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

Support, Revenues and Expense Recognition

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

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

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

All other revenues are recorded when earned.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The United Way and the Center are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

a liability or disclosure in the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization’s ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is August 14, 2017.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

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

On August 18, 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two-phase project to amend not-for-profit financial reporting requirements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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

3. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
2014 Campaign due during the year ended December 31, 2015	\$ -0-	\$ 262,649
2015 Campaign due during the year ended December 31, 2016	392,136	2,292,113
2016 Campaign due during the year ended December 31, 2017	<u>2,299,160</u>	<u>-0-</u>
Totals	2,691,296	2,554,762
Less allowance for uncollectible pledges	<u>443,225</u>	<u>305,500</u>
	<u>\$ 2,248,071</u>	<u>\$ 2,249,262</u>

The campaign conducted during the fall of 2015 with pledges due in 2016 is referred to as the 2015 campaign, and the campaign conducted during the fall of 2016 with pledges due in 2017 is referred to as the 2016 campaign.

4. ASSETS HELD BY HERITAGE FUND OF BARTHOLOMEW COUNTY, INC.

The Organization has assets held at the Heritage Fund as discussed in Note 1.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The Organization's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. There were no transfers during 2016 or 2015.

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

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
-

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

- *Assets held by Heritage Fund of Bartholomew County, Inc.:* Valued at fair value as reported by Heritage Fund, which represents the Organization's pro-rata interest in the Heritage Fund's investment pool, substantially all of which are valued on a mark-to-market basis.

The fair value of these assets are measured on a recurring basis using significant unobservable inputs (Level 3) and included in the Consolidated Statements of Financial Position at \$49,021 and \$44,144 at December 31, 2016 and 2015, respectively.

The following is a reconciliation of activity for 2016 and 2015 for assets measured at fair value based upon significant unobservable inputs (Level 3):

	2016	2015
Beginning balance	\$ 44,144	\$ 44,511
Contributions	1,162	1,108
Investment return, net	4,171	(1,021)
Administrative fees	(456)	(454)
	<u>\$ 49,021</u>	<u>\$ 44,144</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 60,931	\$ 60,931
Building and building improvements	4,438,742	4,438,742
Leasehold improvements	1,247,322	1,218,605
Office furniture and equipment	<u>400,411</u>	<u>396,683</u>
	6,147,406	6,114,961
Less accumulated depreciation	<u>(1,536,229)</u>	<u>(1,294,082)</u>
	<u>\$ 4,611,177</u>	<u>\$ 4,820,879</u>

6. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2016 and 2015 were \$1,813,296 and \$1,811,454, respectively. These amounts consist of donor designations payable to multiple not-for-profit agencies both within and outside of Bartholomew County to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2016 is expected to be paid in 2017 or 2018.

7. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Work2gether (Indiana Association of United Ways - IAUW)	\$ -0-	\$ 281,100
UnitedIN16 (IAUW)	17,253	-0-
PremiumLink	<u>182,613</u>	<u>-0-</u>
	<u>\$ 199,866</u>	<u>\$ 281,100</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

8. DEBT

Debt consists of the following at December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Mortgage payable with First Financial Bank; monthly payments of \$3,504 including interest at 4% through June 30, 2019; balloon payment of \$427,713 due July 30, 2019; secured by real estate with a net book value of \$3,716,653 at December 31, 2016	\$ 485,083	\$ 506,927

Maturities of debt subsequent to December 31, 2016, are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 23,300
2018	24,250
2019	<u>437,533</u>
	<u>\$ 485,083</u>

The mortgage is subject to various restrictive covenants relating to the maintenance of specified levels of debt service coverage, limitations related to loans, and other items.

9. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets at December 31, 2016 and 2015 were \$2,558,850 and \$2,641,205, respectively. These restrictions were related to the annual fund drive.

Net assets released from restrictions consist of the following during the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Time restrictions related to:		
Annual fund drive	\$ 2,641,205	\$ 2,516,278

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

10. RENT INCOME

The Organization leases office space to agencies that occupy the building. These lease terms vary depending on the size and nature of the leases. During the years ended December 31, 2016 and 2015, the Organization had rental income of \$506,805 and \$476,142, respectively. The future lease payments to be received are as follows:

Year Ending December 31,	
2017	\$ 482,964
2018	359,371
2019	89,015
2020	14,711
2021	<u>690</u>
	<u>\$ 946,751</u>

11. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Bartholomew County, Indiana. Although the Organization is directly affected by the well-being of the economy of Bartholomew County, management does not believe significant credit risk exists at December 31, 2016.

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

The Organization has one employer that accounted for approximately 73% and 74% of pledges receivable as of December 31, 2016 and 2015, respectively, and accounted for approximately 73% of total revenue during the years ended December 31, 2016 and 2015.

SUPPLEMENTARY INFORMATION

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED SCHEDULE OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2016 AND 2015

Agency	2016 Allocations	2015 Allocations
Aging and Community Services	\$ 20,000	\$ 20,000
American Red Cross	31,000	40,000
Bartholomew Area Legal Aid	50,000	50,000
Children, Inc.	166,666	170,000
Columbus Philharmonic	15,000	30,000
Columbus Regional Shelter for Victims of Domestic Violence (Turning Point)	231,960	219,000
Community Center of Hope	75,000	70,000
Court Appointed Special Advocates (CASA)	133,900	107,500
Developmental Services, Inc.	47,300	82,300
Family Services	151,000	151,700
Family School Partners	70,000	42,000
Foundation for Youth	420,000	378,000
Girl Scouts - United States of America (Tulip Trace Council)	6,000	9,000
Human Services, Inc.	245,000	247,500
Just Friends	27,000	27,000
LifeDesigns	15,000	15,000
Lincoln Central Neighborhood Center	50,000	65,000
Mill Race Center, Inc. (Formerly Retirement Foundation)	97,800	87,000
Sans Souci	80,000	79,000
Su Casa	1,674	10,000
	<u>\$ 1,934,300</u>	<u>\$ 1,900,000</u>

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Total	Eliminating Entries	Consolidated
Assets					
Cash	\$ 2,221,626	\$ 176,526	\$ 2,398,152	\$ -0-	\$ 2,398,152
Accounts receivable	-0-	2,598	2,598	-0-	2,598
Pledges receivable, net	2,248,071	-0-	2,248,071	-0-	2,248,071
Due from related party	44,104	-0-	44,104	(44,104)	-0-
Other receivables	46,277	-0-	46,277	-0-	46,277
Other assets	5,462	10,154	15,616	-0-	15,616
Assets held by Heritage Fund of Bartholomew County, Inc.	49,021	-0-	49,021	-0-	49,021
Property and equipment, net	<u>19,428</u>	<u>4,591,749</u>	<u>4,611,177</u>	<u>-0-</u>	<u>4,611,177</u>
Total assets	<u>\$ 4,633,989</u>	<u>\$ 4,781,027</u>	<u>\$ 9,415,016</u>	<u>\$ (44,104)</u>	<u>\$ 9,370,912</u>
Liabilities					
Accounts payable and accrued expenses	\$ 19,838	\$ 24,600	\$ 44,438	\$ -0-	\$ 44,438
Due to related party	-0-	44,104	44,104	(44,104)	-0-
Designations payable	1,813,296	-0-	1,813,296	-0-	1,813,296
Deferred revenue	199,866	-0-	199,866	-0-	199,866
Debt	<u>-0-</u>	<u>485,083</u>	<u>485,083</u>	<u>-0-</u>	<u>485,083</u>
Total liabilities	2,033,000	553,787	2,586,787	(44,104)	2,542,683
Net assets					
Unrestricted	35,139	4,227,240	4,262,379	-0-	4,262,379
Temporarily restricted	2,558,850	-0-	2,558,850	-0-	2,558,850
Permanently restricted	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>
Total net assets	<u>2,600,989</u>	<u>4,227,240</u>	<u>6,828,229</u>	<u>-0-</u>	<u>6,828,229</u>
	<u>\$ 4,633,989</u>	<u>\$ 4,781,027</u>	<u>\$ 9,415,016</u>	<u>\$ (44,104)</u>	<u>\$ 9,370,912</u>

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted			Temporarily Restricted	Permanently Restricted	
	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Eliminating Entries	United Way of Bartholomew County, Inc.	United Way of Bartholomew County, Inc.	
			Total			
Support and revenues						
Gross campaign results	\$ 315,493	\$ -0-	\$ -0-	\$ 315,493	\$ 3,865,143	\$ -0-
Less donor designations	(47,776)	-0-	-0-	(47,776)	(1,306,293)	-0-
Less provision for uncollectible accounts	(148,792)	-0-	-0-	(148,792)	-0-	-0-
Net campaign revenue	118,925	-0-	-0-	118,925	2,558,850	-0-
Grant and contribution revenue	749,304	650	-0-	749,954	-0-	-0-
Interest income	4,149	48	-0-	4,197	-0-	-0-
Rent income	-0-	540,045	(33,240)	506,805	-0-	-0-
Miscellaneous	4,646	1,123	-0-	5,769	-0-	-0-
Net assets released from restrictions	2,641,205	-0-	-0-	2,641,205	(2,641,205)	-0-
Total support and revenues	3,518,229	541,866	(33,240)	4,026,855	(82,355)	-0-
Expenses						
Programs services	3,144,367	656,125	(9,435)	3,791,057	-0-	-0-
Management and general	178,273	-0-	(23,805)	154,468	-0-	-0-
Fundraising	230,074	-0-	-0-	230,074	-0-	-0-
Total expenses	3,552,714	656,125	(33,240)	4,175,599	-0-	-0-
Change in net assets	(34,485)	(114,259)	-0-	(148,744)	(82,355)	-0-
Net assets, beginning of year	69,624	4,341,499	-0-	4,411,123	2,641,205	7,000
Net assets, end of year	\$ 35,139	\$ 4,227,240	\$ -0-	\$ 4,262,379	\$ 2,558,850	\$ 7,000

See report of independent auditors on pages 1 and 2.