

UNITED WAY OF HUNTERDON COUNTY

AUGUST 31, 2018



UNITED WAY OF HUNTERDON COUNTY

For the Year Ended August 31, 2018

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Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

To the Board of Trustees of
United Way of Hunterdon County
Flemington, New Jersey

We have audited the accompanying financial statements of United Way of Hunterdon County (a non-profit organization), which comprise the Statements of Financial Position as of August 31, 2018 and 2017, and the related Statements of Activities and Changes in Net Assets, Cash Flows, and Functional Expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of Hunterdon County as of August 31, 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.



BKC, CPAs, PC

January 17, 2019
Flemington, New Jersey

UNITED WAY OF HUNTERDON COUNTY
Statements of Financial Position
August 31,

ASSETS

	2018	2017
Current assets		
Cash and cash equivalents	\$ 249,379	\$ 316,480
Certificates of deposit	154,537	173,754
Pledges receivable, net of allowance of uncollectible of \$50,000 and \$59,000, respectively	222,014	230,539
Other receivables	790	922
Prepaid expenses	6,616	7,584
Total current assets	633,336	729,279
Property and equipment, net of accumulated depreciation of \$275,690 and \$242,817, respectively	1,052,064	1,072,947
Other assets		
Investments	1,008,917	929,940
Total assets	\$ 2,694,317	\$ 2,732,166

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 45,420	\$ 54,223
Distributions payable to United Way Agencies	50,000	240,000
Designations payable	69,476	91,826
Mortgage payable - current	9,792	9,216
Total current liabilities	174,688	395,265
Benefits payable	35,269	33,367
Mortgage payable - long-term	244,356	254,085
Total liabilities	454,313	682,717
Net assets		
Unrestricted	2,235,472	2,042,449
Restricted	4,532	7,000
Total net assets	2,240,004	2,049,449
Total liabilities and net assets	\$ 2,694,317	\$ 2,732,166

See accompanying notes to the financial statements.

UNITED WAY OF HUNTERDON COUNTY
Statements of Activities and Changes in Net Assets
For the Years Ended August 31,

	2018			2017		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenues						
Campaign results	\$ 761,282	\$ 11,282	\$ 772,564	\$ 809,584	\$ 7,000	\$ 816,584
Less: donor designations	(136,326)	-	(136,326)	(142,229)	-	(142,229)
Plus: prior year campaign collections	3,487	-	3,487	524	-	524
Plus: bad debt recoveries	-	-	-	-	-	-
Less: bad debt expense	(29,565)	-	(29,565)	(44,945)	-	(44,945)
Total campaign pledges	598,878	11,282	610,160	622,934	7,000	629,934
Grants and contributions	257,241	-	257,241	122,753	-	122,753
Gifts in kind	242,900	-	242,900	238,722	-	238,722
Other designated support	175,270	-	175,270	260,655	-	260,655
Net assets released from restrictions	13,750	(13,750)	-	10,000	(10,000)	-
Total support and revenue	1,288,039	(2,468)	1,285,571	1,255,064	(3,000)	1,252,064
Expenses						
Program services						
Allocation and distributions to agencies	321,301	-	321,301	509,650	-	509,650
Program and initiatives expenses	585,656	-	585,656	549,051	-	549,051
Total program services	906,957	-	906,957	1,058,701	-	1,058,701
Support services						
Administrative	184,120	-	184,120	180,813	-	180,813
Resource development	124,456	-	124,456	132,072	-	132,072
Total support services	308,576	-	308,576	312,885	-	312,885
Total expenses	1,215,533	-	1,215,533	1,371,586	-	1,371,586
Interest and investment income	120,517	-	120,517	75,930	-	75,930
Increase (decrease) in net assets	193,023	(2,468)	190,555	(40,592)	(3,000)	(43,592)
Net assets - beginning of year	2,042,449	7,000	2,049,449	2,083,041	10,000	2,093,041
Net assets - end of year	\$ 2,235,472	\$ 4,532	\$ 2,240,004	\$ 2,042,449	\$ 7,000	\$ 2,049,449

See accompanying notes to the financial statements.

UNITED WAY OF HUNTERDON COUNTY
Statements of Cash Flows
For the Years Ended August 31,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 190,555	\$ (43,592)
Adjustment to reconcile increase (decrease) in net assets to net cash used in operating activities		
Depreciation expense	32,873	30,903
Bad debt expense	29,565	44,945
Amortization of debt issuance costs	60	60
Net realized and unrealized (gain) on investments and reinvested income	(118,977)	(74,189)
(Increase) decrease in assets		
Pledges receivables	(21,040)	(43,235)
Other receivables	132	4,277
Prepaid expenses	968	(588)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(8,803)	17,411
Distributions payable to United Way Agencies	(190,000)	(60,000)
Designations payable	(22,350)	(605)
Benefits payable	1,902	1,799
Total adjustments	<u>(295,670)</u>	<u>(79,222)</u>
Net cash used in operating activities	<u>(105,115)</u>	<u>(122,814)</u>
Cash flows from investing activities		
Proceeds from maturity of certificate of deposit	19,217	98,790
Purchases of property and equipment	(11,990)	-
Transfers from investments	40,000	40,000
Net cash provided by investing activities	<u>47,227</u>	<u>138,790</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(9,213)</u>	<u>(8,674)</u>
Net cash used in financing activities	<u>(9,213)</u>	<u>(8,674)</u>
Net increase (decrease) in cash and cash equivalents	(67,101)	7,302
Cash and cash equivalents - beginning of year	<u>316,480</u>	<u>309,178</u>
Cash and cash equivalents - end of year	<u>\$ 249,379</u>	<u>\$ 316,480</u>

See accompanying notes to the financial statements.

UNITED WAY OF HUNTERDON COUNTY
Statement of Functional Expenses
For the Year Ended August 31, 2018

	Program Services			Support Services			Total Allocation and Expenses
	Distributions to Agencies	Community Building	Total Program Services	General Admin	Resource Development	Total Support Services	
Staff compensation and benefits	\$ -	\$ 356,585	\$ 356,585	\$ 124,522	\$ 84,901	\$ 209,423	\$ 566,008
Consulting and professional fees	-	54,092	54,092	18,889	12,879	31,768	85,860
Occupancy	-	20,783	20,783	7,258	4,949	12,207	32,990
Insurance	-	9,729	9,729	3,398	2,316	5,714	15,443
Printing and promotional	-	11,927	11,927	4,164	2,840	7,004	18,931
Postage	-	7,761	7,761	2,710	1,848	4,558	12,319
Repairs and maintenance	-	971	971	339	231	570	1,541
Supplies	-	5,968	5,968	2,084	1,421	3,505	9,473
Telecom	-	15,455	15,455	5,397	3,680	9,077	24,532
Travel	-	4,191	4,191	1,464	998	2,462	6,653
Conferences and meetings	-	4,277	4,277	1,494	1,018	2,512	6,789
Depreciation and amortization	-	20,748	20,748	7,245	4,940	12,185	32,933
Membership and subscription	-	2,094	2,094	731	499	1,230	3,324
Payments to affiliates	-	6,262	6,262	2,187	1,491	3,678	9,940
Interest and bank fees	-	17,741	17,741	653	445	1,098	18,839
Community programs and initiatives	-	47,072	47,072	-	-	-	47,072
Other outreaches	-	-	-	1,585	-	1,585	1,585
Agency distributions	64,071	-	64,071	-	-	-	64,071
Grant expense	14,330	-	14,330	-	-	-	14,330
Gifts in kind distributions	242,900	-	242,900	-	-	-	242,900
Total expense	\$ 321,301	\$ 585,656	\$ 906,957	\$ 184,120	\$ 124,456	\$ 308,576	\$ 1,215,533

See accompanying notes to the financial statements.

UNITED WAY OF HUNTERDON COUNTY
Statement of Functional Expenses
For the Year Ended August 31, 2017

	Program Services			Support Services			Total Allocation and Expenses
	Distributions to Agencies	Community Building	Total Program Services	General Admin	Resource Development	Total Support Services	
Staff compensation and benefits	\$ -	\$ 315,654	\$ 315,654	\$ 113,843	\$ 87,969	\$ 201,812	\$ 517,466
Consulting and professional fees	-	49,942	49,942	18,012	13,916	31,928	81,870
Occupancy	-	17,843	17,843	6,436	4,974	11,410	29,253
Insurance	-	7,716	7,716	2,783	2,150	4,933	12,649
Printing and promotional	-	15,356	15,356	5,538	4,280	9,818	25,174
Postage	-	3,624	3,624	1,307	1,010	2,317	5,941
Repairs and maintenance	-	1,214	1,214	438	338	776	1,990
Supplies	-	6,481	6,481	2,338	1,806	4,144	10,625
Telecom	-	13,791	13,791	4,974	3,843	8,817	22,608
Travel	-	3,784	3,784	1,365	1,055	2,420	6,204
Conferences and meetings	-	9,931	9,931	3,582	2,768	6,350	16,281
Depreciation and amortization	-	18,887	18,887	6,812	5,264	12,076	30,963
Membership and subscription	-	2,506	2,506	904	698	1,602	4,108
Payments to affiliates	-	6,083	6,083	2,193	1,695	3,888	9,971
Interest and bank fees	-	17,512	17,512	964	306	1,270	18,782
Community programs and initiatives	-	58,727	58,727	-	-	-	58,727
Agency distributions	254,500	-	254,500	-	-	-	254,500
Grant expense	25,752	-	25,752	-	-	-	25,752
Gifts in kind distributions	229,398	-	229,398	9,324	-	9,324	238,722
Total expense	\$ 509,650	\$ 549,051	\$ 1,058,701	\$ 180,813	\$ 132,072	\$ 312,885	\$ 1,371,586

See accompanying notes to the financial statements.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

Nature of Organization

United Way of Hunterdon County (the Organization) is a non-profit organization in New Jersey whose principal activities are resource development, community impact and the support of voluntary health and welfare agencies which provide services in the community. The Organization is governed by a volunteer Board of Trustees.

The Organization is part of worldwide network of nearly 1,800 community based United Way Charities in 45 countries and territories. We advance the common good by focusing on improving education, helping people achieve financial stability and promoting healthy lives and mobilizing our constituents to give, advocate and volunteer to improve the conditions in which they live.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Organization status

The Organization is a non-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and similar provisions for New Jersey. Therefore, no provision for income taxes has been made. The Organization's information returns before the year ended August 31, 2014 are no longer subject to examination by Federal or New Jersey authorities.

Use of estimates

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all short-term investments, except certificates of deposit and treasury obligations, with an original maturity of three months or less to be cash equivalents. Money market cash accounts held in the endowment investment account are considered to be investments instead of cash accounts because the Organization holds these funds as an endowment.

Investments

The Organization classifies its marketable securities as available for sale. Securities classified as available for sale are carried in the financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in earnings; unrealized holding gains, and losses are reported in the change in net assets.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Intangible assets

In accordance with accounting principles generally accepted in the United States of America, the Organization's capitalized intangible costs associated with bank borrowing are netted against long-term debt.

Property and equipment

Property and equipment are stated at cost, except for donated items that are recorded at fair value on the date of donation. Donated property and equipment are recorded as restricted support when donors stipulate how long the asset must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. Depreciation is computed using the straight-line method over the estimated useful lives of each asset. The estimated useful lives of the property and equipment range from five to forty years.

Additions and improvements, in excess of \$600 are capitalized and are depreciated accordingly, while general repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the change in net assets.

Net asset classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Unrestricted net assets are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.

Temporarily restricted net assets include assets for which donor-imposed restrictions have not been met.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenue and support recognition

Gifts of cash and other noncapital assets are reported as temporarily restricted support if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as unrestricted.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Revenue and support recognition (continued)

Unrestricted revenues are obtained through corporation, foundation and general public contributions. These revenues are used to provide program services as well as offset management and general fund-raising expenses. Revenues from these sources are recognized at the time the donation is pledged or received. The fair value of such pledges receivable approximate carrying value as the pledges are expected to be received within one year.

As a result of an increase in uncollectible campaign pledges, primarily caused by an increase in corporate employee retirees and attrition, the Organization wrote off a net amount of \$51,205 of pledges receivable for campaign years 2016-2017 during the year ended August 31, 2018. The reserve for bad debts was decreased by \$9,000 as of August 31, 2018.

The Organization receives donated services from volunteers, officers and directors and other organizations to support fundraising and administrative efforts. The value of these donated services is not included in these financial services as they do not meet the criteria for recognition. The total donated hours were 15,535 and 15,104, respectively, for the years ended August 31, 2018 and 2017. There are also several gift campaigns operated for the benefit of the community where goods are received by the Organization and then distributed to recipients. The value of these donations has been recorded in the financial statements as gifts in kind revenue and expense.

Donor designated funds

The Organization receives funds that are considered pass through items that have been designated by the donor to other non-profit entities. These funds have been treated as liabilities until the funds are disbursed as they are not pledging or revenue of the Organization. These funds also include several charitable giving campaigns run by local companies for which the Organization is processing the transactions for the employer.

Functional allocation of expenses

The costs of providing programs and other initiative and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Expenses are allocated to each program or function based on time spent by the Organization's staff in each of these areas which is consistent with the benefit derived by each program.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 2 - Concentration of risks and uncertainties

The Organization maintains its cash and cash equivalents in a wide array of bank deposit accounts and financial institutions which are insured by the Federal Deposit Insurance Corporation. This investment policy limits the Organization’s exposure to concentrations of credit risk. At August 31, 2018 and 2017 the Organization had no uninsured cash.

During the years ended August 31, 2018 and 2017 the Organization received approximately 41% and 54%, respectively, of total campaign revenues from two corporate campaigns.

Note 3 - Investments

Investments are presented at fair value. Unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets. Investment income is credited to unrestricted net assets unless otherwise restricted by the contributor.

Investment income was comprised of the following as of August 31:

	2018	2017
Interest income on investments	\$ 20,869	\$ 22,334
Investment fees	(9,321)	(9,185)
Realized gains	30,958	222
Unrealized gains	78,011	62,559
Total investment income	\$ 120,517	\$ 75,930

Note 4 - Fair value

Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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 HUNTERDON COUNTY
Notes to the Financial Statements

Note 4 - Fair value (continued)

Level 2 Inputs to the valuation methodology include:

- Quoted 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 inputs 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 or liability'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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of:

<u>August 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment funds			
Money market	\$ 42,350	\$ -	\$ -
Mutual funds	180,155	-	-
Equity securities			
Preferred stock	25,656	-	-
Domestic common stock	760,756	-	-
Total	<u>\$ 1,008,917</u>	<u>\$ -</u>	<u>\$ -</u>
<u>August 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment funds			
Money market	\$ 2,988	\$ -	\$ -
Mutual funds	342,417	-	-
Equity securities			
Preferred stock	51,058	-	-
Domestic common stock	533,477	-	-
Total	<u>\$ 929,940</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 5 - Investment policy

In 2005, the Organization established an investment account, referred to internally as the endowment fund, as a designation of unrestricted net assets to increase the financial resources available for health and human services in the community. In 2006, the Organization was the beneficiary of an estate, receiving a distribution totaling \$725,000, which was unrestricted by the donor and used to initiate the endowment fund. Endowment funds are maintained in a separate investment account that is professionally managed with a diversified selection of investments.

The investment policy for management of the endowed assets of the Organization realizes the following objectives: 1) to preserve the corpus of the investment and increase its value; 2) to maximize investment income with prudent risk; 3) to create the opportunity for capital gains; and 4) to provide for flexibility in investment activity.

The endowment consists of a balanced portfolio of stocks and bonds. Assets are diversified to ensure that adverse or unexpected results from one security or security class will not have a significant detrimental impact on the entire portfolio. Generally, the Board designated assets will be invested within a range of equities 40% to 75%; fixed income 24% to 50%; money market up to 25%. Limitations on the percentages of investments in small cap stock, as well as industry classification for stocks and bonds are in place.

The following is a reconciliation of the endowment fund as of August 31:

	2018	2017
Beginning balance	\$ 929,940	\$ 895,751
Interests and dividends	19,329	20,593
Realized and unrealized appreciation of investments	108,969	62,781
Endowment withdrawals	(40,000)	(40,000)
Trust expenses	(9,321)	(9,185)
Ending balance	\$ 1,008,917	\$ 929,940

All interest and dividends earned by the endowment funds will be available for use for the purpose for which the endowment was created the fiscal year following the year in which they were earned. All capital gains distributions of mutual funds will be added to the endowment principal. Withdrawals in any calendar year may be made on up to 5% of the average of the preceding three calendar year market average of endowment assets.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 6 - Property and equipment

Property and equipment consist of the following as of August 31:

	2018	2017
Land	\$ 97,500	\$ 97,500
Building and improvements	1,153,019	1,153,019
Furniture, fixtures and equipment	77,235	65,245
Total property and equipment	1,327,754	1,315,764
Less: accumulated depreciation	(275,690)	(242,817)
Property and equipment, net	\$ 1,052,064	\$ 1,072,947

Depreciation expense for the years ended August 31, 2018 and 2017 was \$32,873 and \$30,903, respectively.

Note 7 - Long-term debt

Long-term debt consists of the following as of August 31:

	2018	2017
A mortgage payable to a bank, with monthly payments of \$2,091, including interest at the rate of 5.99%. The rate may be reset at the 10-year anniversary of the closing of the loan and every 5 years thereafter. The loan matures August 2034 and is collateralized by a first position lien on the building.	\$ 256,308	\$ 265,521
Less: unamortized debt issuance costs	2,160	2,220
Less: current maturities of long-term debt	9,792	9,216
	\$ 244,356	\$ 254,085

The amounts of long-term debt maturing over the next five years ending August 31, 2018 and thereafter are as follows:

2019	\$ 9,792
2020	10,362
2021	11,050
2022	11,740
2023	12,473
Thereafter	200,891

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 8 - Administrative cost ratio

The Organization uses the data reported on IRS Form 990 to calculate its administrative cost ratio using methodology recommended by United Way Worldwide.

The administrative cost ratio for the years ended August 31 are as follows:

	2018
Support services	
Form 990, Part IX, Line 25, Management and general expenses	\$ 184,120
Form 990, Part IX, Line 25, Fundraising expenses	124,456
Total support services	\$ 308,576
 Total revenue from Form 990, Part VIII, Line 12, Column A	 \$ 1,357,642
 Administrative cost ratio	 22.73%
	2017
Support services	
Form 990, Part IX, Line 25, Management and general expenses	\$ 180,813
Form 990, Part IX, Line 25, Fundraising expenses	132,072
Total support services	\$ 312,885
 Total revenue from Form 990, Part VIII, Line 12, Column A	 \$ 1,310,380
 Administrative cost ratio	 23.87%

Note 9 - Net assets

Components of net assets as of August 31 were as follows:

	2018	2017
Unrestricted, available for general operations	\$ 1,226,555	\$ 1,112,509
Board designated for specific use		
Endowment fund	1,008,917	929,940
Total unrestricted net assets	\$ 2,235,472	\$ 2,042,449
 Total temporarily restricted	 \$ 4,532	 \$ 7,000

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 10 - Supplemental disclosures of cash flow information

Gifts in kind

The Organization received gifts in kind in the amounts of \$242,900 and \$238,722 during the years ended August 31, 2018 and 2017, respectively. These amounts are recorded as income and expenses in the fiscal year they are received.

Non-cash investing and financing activities

Cash paid during the year ended August 31:

	2018	2017
Interest	\$ 15,872	\$ 16,414
Proceeds from sale of investments	\$ 195,661	\$ 146,522
Purchase of investments	\$ 186,452	\$ 59,139

Note 11 - Retirement plan and other postretirement benefits

The Organization sponsors a defined contribution benefit plan, covering all full-time salaried employees employed one year or more by the Organization who elect to participate. The Organization will match the employee's contribution up to 5%. The expense for the years ended August 31, 2018 and 2017 was \$18,165 and \$17,869, respectively.

During fiscal year 2017, the Organization terminated its post-retirement health benefit which provided health insurance for life to eligible employees who met certain employment thresholds. As a condition of the termination of the benefit the Organization agreed to a buy out the Organization's executive director, who was the Organization's only employee in position to meet the required employment thresholds for eligibility to receive the post retirement benefit. Upon retirement the executive director will receive 5 annual payments of \$10,364 for a total payout of \$51,820. The Organization has imputed interest on the present value of the liability which accrues at a rate of 5.7% until the final payment is made or until the total payout amount is completed. Total benefits payable at August 31, 2018 and 2017 was \$35,269 and \$33,367, respectively.

Note 12 - Line of credit

The Organization has a revolving line of credit with a bank, with an overall borrowing limit of \$150,000, and collateralized by the assets of the Organization. There were no borrowings on the loan. The line of credit matures on November 9, 2019.

UNITED WAY OF HUNTERDON COUNTY
Notes to the Financial Statements

Note 13 - Change in accounting standards

ASU 2014-09: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. This ASU as modified by ASU 2015-14, changes the timing of recording revenue for services performed. This ASU will be effective to the Organization in the year ending August 31, 2020. Management has not completed its assessment of the impact of this change.

ASU 2016-14: The FASB adopted ASU 2016-14, Not for Profit Entities. This update changes the format of the Organization's financial statement presentation and enhances the required disclosures to the financial statements. This ASU will be effective in the year ending August 31, 2019. This change is expected to impact the financial reporting of the Organization, however for amounts that are immaterial.

Note 14 - Subsequent events

The Organization's management has determined that no material events or transactions occurred subsequent to August 31, 2018 and through January 17, 2019, the date of the Organization's financial statement issuance, which require additional disclosure in the Organization's financial statements.