

UNITED WAY OF LEE COUNTY, INC.

Financial Statements

December 31, 2018 and 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	9
Statements of Cash Flows.....	11
Notes to Financial Statements	12



LOCAL FIRM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Lee County, Inc.
Opelika, Alabama

We have audited the accompanying financial statements of United Way of Lee County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 Lee County, Inc. as of December 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.

Emphasis of Matter - Adoption of Accounting Standards

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted the new accounting guidance in Accounting Standards Updates (ASU) 2016-14. Our report is not modified with respect to this matter.

BMSS, LLC

Opelika, Alabama
July 30, 2019

UNITED WAY OF LEE COUNTY, INC.
 Statements of Financial Position
 December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 190,849	\$ 138,879
Designated cash	345,408	360,593
Certificates of deposit	182,235	177,497
Other current assets	2,627	2,627
Unconditional promises to give (less allowances of \$85,622 and \$88,899, respectively)	449,271	509,229
	1,170,390	1,188,825
Fixed assets		
Buildings	231,338	231,338
Equipment	20,494	23,553
Land	35,000	35,000
Furniture and fixtures	35,263	39,876
	322,095	329,767
Less accumulated depreciation	(174,734)	(181,189)
Net fixed assets	147,361	148,578
Certificates of deposit maturing in more than one year	91,468	90,427
Investments	321,696	347,563
	413,164	437,990
	\$ 1,730,915	\$ 1,775,393
 Liabilities and Net Assets		
Current liabilities		
Accrued and other liabilities	\$ 3,660	\$ 3,722
Net assets		
Without donor restrictions	1,127,124	1,108,701
With donor restrictions	600,131	662,970
	1,727,255	1,771,671
	\$ 1,730,915	\$ 1,775,393

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign applicable to current period			
Contributions received in current period	\$ 300,945	\$ -	\$ 300,945
Contributions received in prior periods (released from restrictions)	662,970	(662,970)	-
Less bad debt for uncollectible pledges	(76,073)	-	(76,073)
	887,842	(662,970)	224,872
Campaign revenue received for next allocation period	-	625,077	625,077
Less bad debt for uncollectible pledges	-	(24,946)	(24,946)
Total campaign for next allocation period	-	600,131	600,131
Total campaign	887,842	(62,839)	825,003
Interest income	6,211	-	6,211
Rental income	4,800	-	4,800
Miscellaneous income	18,945	-	18,945
Unrealized loss on marketable securities	(21,575)	-	(21,575)
	896,223	(62,839)	833,384
Total revenues, gains, and other support	896,223	(62,839)	833,384

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2018
(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Allocations to Agencies, Programs, and Others			
Agency allocations	\$ 595,254	\$ -	\$ 595,254
Special allocations to agencies and others	2,606	-	2,606
Total allocations to agencies, programs, and others	597,860	-	597,860
Functional Expenses			
Program services	141,336	-	141,336
Fund raising	75,073	-	75,073
Management and general	63,531	-	63,531
Total functional expenses	279,940	-	279,940
Total allocations and expenses	877,800	-	877,800
Change in net assets	18,423	(62,839)	(44,416)
Net assets, beginning of year	1,108,701	662,970	1,771,671
Net assets, end of year	\$ 1,127,124	\$ 600,131	\$ 1,727,255

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign applicable to current period			
Contributions received in current period	\$ 113,383	\$ -	\$ 113,383
Contributions received in prior periods (released from restrictions)	826,736	(826,736)	-
Less bad debt for uncollectible pledges	(16,063)	-	(16,063)
	<u>924,056</u>	<u>(826,736)</u>	<u>97,320</u>
Campaign revenue received for next allocation period	-	662,970	662,970
Less bad debt for uncollectible pledges	-	-	-
Total campaign for next allocation period	<u>-</u>	<u>662,970</u>	<u>662,970</u>
Total campaign	924,056	(163,766)	760,290
Interest income	3,328	-	3,328
Rental income	7,330	-	7,330
Miscellaneous income	18,558	-	18,558
Unrealized gain on marketable securities	46,229	-	46,229
Realized gain on marketable securities	1,482	-	1,482
	<u>1,000,983</u>	<u>(163,766)</u>	<u>837,217</u>
Total revenues, gains, and other support	1,000,983	(163,766)	837,217

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2017
(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Allocations to Agencies, Programs, and Others			
Agency allocations	\$ 624,129	\$ -	\$ 624,129
Special allocations to agencies and others	3,879	-	3,879
Total allocations to agencies, programs, and others	628,008	-	628,008
Functional Expenses			
Program services	135,554	-	135,554
Fund raising	80,234	-	80,234
Management and general	57,637	-	57,637
Total functional expenses	273,425	-	273,425
Total allocations and expenses	901,433	-	901,433
Change in net assets	99,550	(163,766)	(64,216)
Net assets, beginning of year	1,009,151	826,736	1,835,887
Net assets, end of year	\$ 1,108,701	\$ 662,970	\$ 1,771,671

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services	Fund- Raising	Management and General	Total
Salaries and wages	\$ 99,313	\$ 55,755	\$ 19,166	\$ 174,234
Employee benefits	15,558	8,734	3,002	27,294
Total personnel costs	114,871	64,489	22,168	201,528
Supplies	4,860	10,584	5,518	20,962
Membership dues	-	-	10,259	10,259
Telephone and utilities	5,913	-	5,037	10,950
Professional fees	7,068	-	5,332	12,400
Insurance	1,852	-	1,397	3,249
Repairs and maintenance	228	-	2,529	2,757
Direct service	1,296	-	-	1,296
Miscellaneous	-	-	5,030	5,030
Postage and shipping	1,798	-	-	1,798
Education and conferences	-	-	3,551	3,551
Total expenses before depreciation	137,886	75,073	60,821	273,780
Depreciation	3,450	-	2,710	6,160
Total expenses	\$ 141,336	\$ 75,073	\$ 63,531	\$ 279,940

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services	Fund- Raising	Management and General	Total
Salaries and wages	\$ 95,744	\$ 54,711	\$ 20,517	\$ 170,972
Employee benefits	14,916	8,523	3,196	26,635
Total personnel costs	110,660	63,234	23,713	197,607
Supplies	4,860	17,000	1,909	23,769
Membership dues	-	-	10,575	10,575
Telephone and utilities	5,304	-	4,518	9,822
Professional fees	5,992	-	4,708	10,700
Insurance	2,054	-	1,613	3,667
Repairs and maintenance	228	-	1,827	2,055
Miscellaneous	-	-	4,688	4,688
Postage and shipping	2,505	-	-	2,505
Education and conferences	-	-	982	982
Total expenses before depreciation	131,603	80,234	54,533	266,370
Depreciation	3,951	-	3,104	7,055
Total expenses	<u>\$ 135,554</u>	<u>\$ 80,234</u>	<u>\$ 57,637</u>	<u>\$ 273,425</u>

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
 Statements of Cash Flows
 Years ended December 31, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (44,416)	\$ (64,216)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,160	7,055
Bad debt for uncollectible pledges	101,019	16,063
Net unrealized loss (gain) on marketable securities	21,575	(46,229)
Realized gain on marketable securities	-	(1,482)
Changes in operating assets and liabilities:		
Unconditional promises to give	(41,061)	48,360
Accrued and other liabilities	(62)	(414)
	43,215	(40,863)
 Investing Activities		
Purchase of fixed assets	(4,943)	-
Changes in certificates of deposit	(5,779)	(3,010)
Changes in designated cash	15,185	(3,250)
Changes in marketable securities	4,292	3,923
	8,755	(2,337)
Net cash provided by (used in) investing activities	8,755	(2,337)
Net increase (decrease) in cash and cash equivalents	51,970	(43,200)
Cash and cash equivalents, beginning of year	138,879	182,079
Cash and cash equivalents, end of year	\$ 190,849	\$ 138,879

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

The United Way of Lee County, Inc. (the “Organization”) is a non-profit, voluntary health agency.

The Board of Directors and management employees of the Organization acknowledge that, to the best of their ability, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

In 1988, the Auburn United Fund and the Community Chest of Opelika, Inc. merged to form the Organization. The purpose of this merger was to enable the Organization to serve the community in a more efficient manner and to combine the talents of both organizations.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management evaluated subsequent events through July 30, 2019, the date the financial statements were available to be issued.

Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require that management 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 the reported amounts of revenue and expenses during the reporting period. Consequently, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are those net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Organization’s operations over which the Board of Directors has discretionary control.

Net assets with donor restrictions are those net assets subject to donor-imposed stipulations that will be met by Organization actions or by passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such donor restricted net assets are reclassified to without donor restrictions net assets and reported in the Statements of Activities as net assets released from restrictions.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncement

The Organization adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment in this update is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization adopted the update for the year ended December 31, 2018. Under the newly adopted update, the Organization now presents net assets without donor restrictions and net assets with donor restrictions.

Donated Inventory and Services

Donated inventory, services and gifts in kind have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such inventory and services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns.

Cash and Cash Equivalents

The Organization considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of money market securities stated at fair value which approximates cost. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Organization has never experienced any losses related to these balances.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received. Conditional contribution receivables are recognized when the conditions on which they depend are substantially met. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fixed Assets

Fixed assets are recorded at cost and include buildings, equipment, land and furniture and fixtures. Buildings, equipment, and furniture and fixtures are depreciated using the straight-line method over the assets' estimated useful lives. The Organization capitalizes all assets with estimated useful lives exceeding one year. Estimated lives are generally as follows:

Buildings	- 40 years
Equipment	- 5 to 7 years
Furniture and fixtures	- 5 to 7 years

Investments

Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains and losses and unrealized gains and losses on those investments, is reported in the Statements of Activities. Investment income is presented net of investment advisory and custodial fees. Expenses relating to investment income, including investment advisory and custodial fees, totaled \$4,292 and \$3,923 during the years ended December 31, 2018 and 2017, respectively, and are recorded within the caption Miscellaneous in the Organization's Statements of Functional Expenses. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at the date of the gift. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level or risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.

Investments also consist of certificates of deposit which have original maturities ranging from thirty-six to sixty months and are carried at cost plus accrued interest which approximates fair value.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limits prescribed by the code. The Organization recognizes all tax positions that it does not believe will be sustained upon examination by the tax authorities. As of December 31, 2018 and 2017, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter for all open tax years.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of unconditional promises to give, substantially all of which are from individuals, businesses, or non-profit foundations in the Lee County area. Concentrations of credit risk are material since the Organization has a small number of very large donors. As of December 31, 2018 and 2017, the Organization received approximately 14% and 18% of its annual revenues from two donors.

Donor-Imposed Restrictions

All current campaign contributions (2019 Campaign) are classified as with donor restrictions because they are subject to a time restriction. The Organization does not release current campaign contributions until the first quarter of the following year. Campaign contributions, other than time-restricted contributions, are considered to be without donor restrictions and are available to use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for a specific purpose are reported as with donor restrictions. Donor-restricted contributions whose restrictions are met in the current reporting period are recorded as without donor restrictions. When a donor restriction or time restriction expires, donor restricted net assets are reclassified to without donor restricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

Functional Expenses

The costs of providing the program and related supporting services have been summarized on the functional basis in the Statements of Activities and Statements of Functional Expenses. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, office expenses, and depreciation. Management determined, based on the nature of the Organization's operations and organizational structure, that the principal drivers of expenses are employees' responsibilities and square footage of office space. Therefore, employees' responsibilities are used as a basis for allocating salaries and employee benefits, and the square footage of office space is used as the basis for allocating office expenses and depreciation.

Fair Value

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Organization would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The hierarchy gives the 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).

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 which are derived principally from or corroborated by observable market data by correlation or other means.

If the assets 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 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31,

	2018	2017
Regions Bank	\$ 24,518	\$ 19,781
Savings account	134,678	134,647
Money market	129,257	128,915
William Mason account	46,478	46,589
2017 campaign account	178	178
2018 campaign account	11,349	10,050
2019 campaign account	189,799	159,312
	<u>\$ 536,257</u>	<u>\$ 499,472</u>

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets at December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Assets with donor restrictions do not reduce the financial assets available to meet the needs for general expenditures within one year as they are available beginning January 1, 2019.

At December 31, 2018, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, consist of the following:

Financial assets	\$ 1,144,051
Less those unavailable for general expenditures within one year, due to:	
Assets with board designations (Note 9)	<u>345,408</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 798,643</u></u>

NOTE 4 - FAIR VALUE

The following is a description of the valuation methodology used for assets measured at fair value. There were no changes in the methodologies used during the years ended December 31, 2018 and 2017.

- *Cash Investments and Money Market Funds:* Valued at amortized cost which approximates fair value.
- *Debt and Equity Securities:* Valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Government-sponsored enterprises and commercial paper are stated at cost plus accrued interest, which approximates fair value.
- *Donated Land:* Valued based upon an estimated value where limited market comparisons are available.

The preceding methods described may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

NOTE 4 - FAIR VALUE - Continued

The following table sets forth, by level with the fair value hierarchy, the Organization’s investment assets at fair value, as of December 31, 2018 and 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Money markets	\$ 129,257	\$ 129,257	\$ -	\$ -
Cash investments	148	148	-	-
Debt securities	131,496	131,496	-	-
Equity securities	187,048	187,048	-	-
Donated land	3,004	-	3,004	-
	<u>\$ 450,953</u>	<u>\$ 447,949</u>	<u>\$ 3,004</u>	<u>\$ -</u>
December 31, 2017				
Money markets	\$ 128,915	\$ 128,915	\$ -	\$ -
Cash investments	4,413	4,413	-	-
Debt securities	131,504	131,504	-	-
Equity securities	208,642	208,642	-	-
Donated land	3,004	-	3,004	-
	<u>\$ 476,478</u>	<u>\$ 473,474</u>	<u>\$ 3,004</u>	<u>\$ -</u>

NOTE 5 - CERTIFICATES OF DEPOSIT

Below is a summary of the Organization’s certificate of deposits as of December 31:

	2018	2017
BBVA Compass Bank	\$ -	\$ 88,531
National Bank of Commerce	91,468	179,393
Southern States Bank	182,235	-
	<u>\$ 273,703</u>	<u>\$ 267,924</u>

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

NOTE 6 - INVESTMENTS

Below is a summary of the Organization's investments and donated property, at fair market value, as of December 31:

	<u>2018</u>	<u>2017</u>
Cash investments	\$ 148	\$ 4,413
Equity securities	187,048	208,642
Donated land	3,004	3,004
Debt securities	131,496	131,504
Total fair value	<u>321,696</u>	<u>347,563</u>
Less: accumulated unrealized gain	<u>(68,596)</u>	<u>(90,171)</u>
Total cost/donated value	<u>\$ 253,100</u>	<u>\$ 257,392</u>

NOTE 7 - CONTRIBUTIONS

Contributions for the calendar years 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
From 2017 campaign	\$ -	\$ 113,383
From 2018 campaign	300,945	662,970
From 2019 campaign	625,077	-
Less allowance for uncollectible pledges	<u>(101,019)</u>	<u>(16,063)</u>
	<u>\$ 825,003</u>	<u>\$ 760,290</u>

NOTE 8 - RESTRICTIONS RELEASED AND WITH DONOR RESTRICTIONS

Contributions with time restrictions are to be classified as with donor restrictions contributions. Accordingly, the Organization's contributions for the current campaign (the 2019 Campaign) are not distributed until the end of the first quarter of the following year. Therefore, current campaign contributions are classified as with donor restrictions in the accompanying Statements of Activities. Also, with donor restrictions from the prior year contributions must be reclassified to without donor restriction contributions. At December 31, 2018 and 2017, with donor restrictions contributions totaled \$600,131 and \$662,970, respectively. During the years ended December 31, 2018 and 2017, the Organization released \$662,970 and \$826,736 from with donor restrictions net assets to without donor restrictions net assets, respectively.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(Continued)

NOTE 9 - BOARD DESIGNATED NET ASSETS

The Organization's administrative board has designated from net assets without donor restrictions of \$1,127,124 and \$1,108,701 for the years ended December 31, 2018 and 2017, respectively, to be used for the following purposes as of December 31:

	<u>2018</u>	<u>2017</u>
Reserve for agency payments	\$ 298,930	\$ 314,004
William Mason fund	46,478	46,589
	<u>\$ 345,408</u>	<u>\$ 360,593</u>

As of December 31, 2018 and 2017, the Organization is in compliance with United Way National's recommendation that two quarters' of agency payments be kept in reserve in case of disaster which are included in board designated net assets. In addition, the Board has designated specific accounts to hold unrestricted funds that act as reserve accounts for use toward special needs, venture grants, and the William Mason Emergency fund. As of December 31, 2018 and 2017, the Organization had \$345,408 and \$360,593 in designated cash, respectively. In January of 2018 and 2017, the Organization's Board budgeted to allocate approximately \$738,950 and \$653,600 to its various agencies during the years ended December 31, 2018 and 2017, respectively.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Non United Way agency	\$ 828	\$ 1,260
United Way affiliated agency	366	1,657
United Way community fund	557,546	618,617
United Way impact area of care	26,784	25,591
United Way member agency	14,607	15,845
	<u>\$ 600,131</u>	<u>\$ 662,970</u>

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

NOTE 11 - TAX DEFERRED PENSION

In 1989, the Organization enrolled in a tax-deferred annuity plan with Mutual of America for its employees. As the annuity assets belong to the plan, the balances are not shown on the Organization's Statements of Financial Position. Employer contributions to the plan totaled \$5,207 and \$4,979 for the years ended December 31, 2018 and 2017, respectively.

NOTE 12 - LEASES

The Organization has a lease agreement on its copy machine. In August of 2016, the Organization entered into a lease for a copier with a payment of \$129 per month for 36 months. Rent expense paid under the lease agreement during the year ended December 31, 2018 totaled \$1,548. At December 31, 2018, future amounts due under the noncancelable operating lease agreement for next year are as follows:

Lease payments

2019	\$	903
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NOTE 13 - RECLASSIFICATION

A reclassification totaling \$465,398 for the year ended December 31, 2017 has been made to conform to the current year presentation with implementing the Accounting Standards Update 2016-14. The reclassification had no effect on the overall net assets for the year ended December 31, 2017, as previously reported.