

**UNITED WAY OF NORTHERN UTAH**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORT**

**Year Ended December 31, 2018  
With Summarized Comparative Information for the  
Year Ended December 31, 2017**

**HBME**

**CERTIFIED PUBLIC ACCOUNTANTS**



**UNITED WAY OF NORTHERN UTAH**

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report .....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statements of Cash Flows .....	6
Notes to the Financial Statements.....	7-21





COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC  
ACCOUNTANTS**

E. LYNN HANSEN, CPA  
CLARKE R. BRADSHAW, CPA  
GARY E. MALMROSE, CPA  
EDWIN L. ERICKSON, CPA  
MICHAEL L. SMITH, CPA  
JASON L. TANNER, CPA  
ROBERT D. WOOD, CPA  
AARON R. HIXSON, CPA  
TED C. GARDINER, CPA  
JEFFREY B. MILES, CPA  
DONALD M. JACK, CPA

**INDEPENDENT AUDITORS' REPORT**

To the Executive Committee of the Board of Directors  
United Way of Northern Utah  
Ogden, Utah

We have audited the accompanying financial statements of United Way of Northern Utah (a non-profit organization) (the United Way), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and functional expenses for the year ended December 31, 2018, and the statements of cash flows for the years ended December 31, 2018 and 2017, 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 audits 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 United Way'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 United Way's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Northern Utah as of December 31, 2018 and 2017 and the related statements of activities and functional expenses for the year ended December 31, 2018 and the statements of cash flows for the years ended December 31, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The prior year summarized comparative information has been derived from United Way of Northern Utah's December 31, 2017 financial statements and, in our report dated August 9, 2018, we expressed an unmodified opinion on those financial statements.

*HBMC, LLC*

August 15, 2019

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (notes 1, 11)	\$ 77,432	\$ 601,328
Cash and cash equivalents, restricted (notes 1, 11)	2,000,001	-
Cash, CFC (note 12)	-	4
Operating investments (notes 1, 3)	2,338,820	2,699,602
Pledges receivable, net:		
Annual campaign (note 1, 4)	783,333	728,755
Previous years' annual campaign (note 1, 4)	198,424	219,629
Corporate pledge (note 1, 4)	2,000,000	-
Government contracts and other receivables	869,855	521,299
Account receivable - managing pledges	1,760	23,637
Prepaid expenses	11,256	10,562
Total current assets	8,280,881	4,804,816
Pledges receivable, net:		
Annual campaign (note 1)	124,359	121,184
Corporate pledge (note 1, 4)	7,672,137	-
Accounts receivable - managing pledges, net	97,115	-
Property and equipment, net (note 1, 5)	1,383,960	1,446,081
Total assets	\$ 17,558,452	\$ 6,372,081
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 118,469	\$ 141,202
Accounts payable, CFC (note 12)	-	4
Payroll and other accrued liabilities	88,884	105,700
Amounts donor-designated for other campaigns	2,518,171	1,074,274
Deferred revenue	-	-
Note payable, net current portion (note 6)	22,412	23,157
Total current liabilities	2,747,936	1,344,337
Note payable, net (note 6)	248,537	470,947
Total liabilities	2,996,473	1,815,284
Net assets:		
Without donor restrictions (note 7)		
Undesignated	596,821	733,439
Designated by the Board for specific use	1,692,488	3,336,430
	2,289,309	4,069,869
With donor restrictions: (note 7)		
Purpose restrictions	2,504,860	456,928
Time restrictions	9,767,810	30,000
	12,272,670	486,928
Total net assets	14,561,979	4,556,797
Total liabilities and net assets	\$ 17,558,452	\$ 6,372,081

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF NORTHERN UTAH**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Total	(Summarized Information)
<b><u>PUBLIC SUPPORT AND OTHER REVENUE</u></b>				
Public support:				
Annual campaign contributions	\$ 710,233	\$ 378,865	\$ 1,089,098	\$ 974,731
Campaign pledge recoveries	100,156	-	100,156	27,874
Net campaign contributions	810,389	378,865	1,189,254	1,002,605
Grants	1,713,349	11,727,810	13,441,159	1,430,615
CFC service fee	-	-	-	59,367
Total public support	2,523,738	12,106,675	14,630,413	2,492,587
Other revenue:				
Rent revenue (note 10)	137,013	-	137,013	148,357
Special events	209,051	-	209,051	7,388
Net investment return (loss) (note 3)	(118,743)	-	(118,743)	274,270
In-kind contributions (note 8)	42,753	-	42,753	32,305
Net assets released from restrictions	320,933	(320,933)	-	-
Total other revenue	591,007	(320,933)	270,074	462,320
Total public support and other revenues	3,114,745	11,785,742	14,900,487	2,954,907
<b><u>EXPENSES</u></b>				
Program services:				
Community investments in program services	2,328,865	-	2,328,865	1,848,657
Other program services	2,344,830	-	2,344,830	2,178,607
Total program services	4,673,695	-	4,673,695	4,027,264
Supporting services:				
General and administrative	110,345	-	110,345	139,013
Marketing and development	111,265	-	111,265	89,302
Total supporting services	221,610	-	221,610	228,315
Total expenses	4,895,305	-	4,895,305	4,255,579
Changes in net assets	(1,780,560)	11,785,742	10,005,182	(1,300,672)
Net assets, beginning of year	4,069,869	486,928	4,556,797	5,857,469
Net assets, end of year	<u>\$ 2,289,309</u>	<u>\$ 12,272,670</u>	<u>\$ 14,561,979</u>	<u>\$ 4,556,797</u>

The accompanying notes are an integral part of these financial statements.



**UNITED WAY OF NORTHERN UTAH**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	Program Services				Supporting Services			2017
	Allocation to Agencies	All Other Programs	Total	General and Administrative	Marketing and Development	Total	Total Expenses	(Summarized Information)
<b>COMMUNITY INVESTMENTS</b>								
Grants for program services	\$ 2,328,865	-	\$ 2,328,865	\$ -	\$ -	-	\$ 2,328,865	\$ 1,856,186
<b>WAGES AND RELATED EXPENSES</b>								
Salaries	-	845,405	845,405	10,426	58,494	68,921	914,326	839,694
Health and retirement benefits	-	151,460	151,460	10,083	10,871	20,953	172,413	147,175
Payroll taxes	-	66,798	66,798	824	4,622	5,446	72,244	61,597
<b>Total wages and related</b>	<b>-</b>	<b>1,063,663</b>	<b>1,063,663</b>	<b>21,333</b>	<b>73,987</b>	<b>95,320</b>	<b>1,158,983</b>	<b>1,048,466</b>
<b>OTHER EXPENSES</b>								
Awards and other	-	240,794	240,794	-	-	-	240,794	240,445
Programs and outreach	-	394,334	394,334	-	-	-	394,334	391,966
Professional fees	-	142,180	142,180	67,479	4,248	71,727	213,907	142,665
Building	-	121,463	121,463	6,019	6,019	12,037	133,500	117,455
Travel and meals	-	63,938	63,938	4	1,675	1,679	65,617	68,383
Occupancy	-	40,313	40,313	1,998	1,998	3,995	44,308	46,983
Advertising and promotion	-	30,704	30,704	341	10,297	10,639	41,343	31,949
Service club dues	-	28,799	28,799	-	-	-	28,799	8,924
Office supplies	-	23,399	23,399	3,403	822	4,225	27,624	80,383
Bank fees	-	18,107	18,107	3,317	3,769	7,086	25,193	24,012
Interest and other financial	-	22,604	22,604	1,120	1,120	2,240	24,844	24,150
Equipment repairs and maintenance	-	21,199	21,199	1,050	1,050	2,101	23,300	25,327
Telephone	-	17,986	17,986	891	891	1,782	19,768	20,507
United Way of America dues paid	-	4,956	4,956	-	-	-	4,956	14,840
Insurance	-	3,991	3,991	198	198	396	4,387	4,490
Postage	-	1,229	1,229	-	-	-	1,229	7,056
<b>Total other expenses</b>	<b>-</b>	<b>1,175,996</b>	<b>1,175,996</b>	<b>85,820</b>	<b>32,087</b>	<b>117,907</b>	<b>1,293,903</b>	<b>1,249,535</b>
<b>NON-CASH EXPENSES</b>								
Depreciation	-	64,417	64,417	3,192	3,192	6,384	70,801	69,087
In-kind donations	-	40,754	40,754	-	1,999	1,999	42,753	32,305
<b>Total</b>	<b>\$ 2,328,865</b>	<b>\$ 2,344,830</b>	<b>\$ 4,673,695</b>	<b>\$ 110,345</b>	<b>\$ 111,265</b>	<b>\$ 221,610</b>	<b>\$ 4,895,305</b>	<b>\$ 4,255,579</b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 10,005,182	\$ (1,300,672)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	70,801	69,087
Amortization of effective interest	24,845	24,120
Bad debt expense	(100,156)	(27,874)
Unrealized gain (loss) on operating investments	(327,528)	63,047
Changes in operating assets and liabilities		
Pledges receivable - annual campaign	63,608	40,210
Pledges receivable - corporate	(9,672,137)	-
Account receivable - managing pledges, net	(75,238)	237,144
Government contracts and other receivables	(348,556)	(360,461)
Prepaid expenses	(694)	(1,153)
Accounts payable	(22,737)	38,044
Payroll and other accrued liabilities	(16,816)	42,307
Deferred revenue	-	(3,225)
Amounts donor-designated for other campaigns	1,443,897	344,510
	<u>1,044,471</u>	<u>(834,916)</u>
Net cash provided (used) by operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Sale (purchase) of operating investments	591,140	(590,463)
Realized gain on operating investments	97,170	211,223
Purchases of property and equipment	(8,680)	(14,996)
	<u>679,630</u>	<u>(394,236)</u>
Net cash provided (used) by investing activities		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on note payable	(248,000)	(98,000)
	<u>1,476,101</u>	<u>(1,327,152)</u>
Net change in cash and cash equivalents		
Cash and cash equivalents, beginning of year	601,332	1,928,484
	<u>\$ 2,077,433</u>	<u>\$ 601,332</u>
Cash and cash equivalents, end of year		
As presented on the statement of financial position:		
Cash and cash equivalents	\$ 77,432	\$ 601,328
Cash and cash equivalents, restricted	2,000,001	-
Cash, CFC	-	4
	<u>\$ 2,077,433</u>	<u>\$ 601,332</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

The United Way of Northern Utah (the United Way), is a Utah nonprofit corporation. Its mission is to unite people and organizations to build healthy and well-educated communities where individuals, families, and neighborhoods thrive. United Way has evolved from a fundraising organization to a critical community advocate that mobilizes local partners, including businesses, community leaders, public officials, and community residents, to expand opportunities for people to succeed. The United Way focuses on three key building blocks: a quality education that leads to a stable job, sufficient income to support oneself and/or a family through retirement, and good health. Due to changing involvement as a community advocate, the United Way also recognize a fourth strategic goal area - community leadership and engagement.

The United Way raises funds through the workplace campaign, grants, and support from individual donors. The workplace campaign is conducted year-round to support allocations and organization expenses in the subsequent year. Donors may designate their pledges to specific agencies or donate undesignated funds, which United Way then allocates to community grants and strategic partnerships.

**Federal Income Tax Status**

The United Way is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively.

The United Way is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the United Way is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The United Way has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 2018.

The United Way believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The United Way would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The United Way is no longer subject to tax examinations by taxing authorities for years prior to 2015.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Prior Year Summarized Comparative Information**

The financial statements include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the United Way's financial statements for the year ended December 31, 2017, from which the summarized comparative information was derived.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

**Cash and Cash Equivalents**

The United Way considers all cash and highly liquid financial instruments with original maturities of three months or less and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

**Operating Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Pledges Receivable**

Pledge contributions received (Pledges Receivable) from donors are recorded as *With or Without Donor Restrictions*, depending on the existence or nature of any donor restrictions. Pledges receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to the present value of their estimated future cash flows.

The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the United Way's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Pledges Receivable (Continued)**

variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount related to the Pledge Receivable is recorded under *With Donor Restrictions* in the Statement of Activities.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

An allowance for uncollectible pledges receivable is provided when it is believed that receivable balances may not be collected in full. It is United Way's policy to write off receivables against the allowance when management determines the receivable will not be collected. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and individual analysis of receivable balances each period.

**Property and Equipment**

The United Way capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by gift, at estimated fair market value at the date of the gift.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the account and any resulting gain or loss is recognized. Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong its life are expensed as incurred.

Depreciation of property and equipment is computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

	<u>Estimated Useful Lives</u>
Buildings	15 - 39 years
Office equipment	3 - 10 years
Furniture and fixtures	3 - 7 years

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended December 31, 2018 and 2017.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for community initiatives and an operating reserve.

*Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When applicable, gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The United Way reports contributions restricted by donors as increases in *net assets without donor restrictions* if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other Donor-restricted contributions are reported as increases in *net assets with donor restrictions*, depending on the nature of the restrictions. When a restriction expires, *net assets with donor restrictions* are reclassified to *net assets without donor restrictions* and reported in the Statements of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same fiscal year in which the contribution is received, the United Way reports the support as *net assets without donor restrictions*.

**Revenue Recognition**

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Public Support and Revenues**

Annual campaigns are conducted in the fall of each year to raise support for allocation to participating agencies in the subsequent calendar year. Campaign production for undesignated contributions and pledges received or receivable for annual campaigns are recognized as income in the current year as net assets with donor restrictions. Pledges are recorded on the Statement of Financial Position as *Pledges Receivables* and allowances are provided for amounts estimated to be uncollectible.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government Contracts and Program Fees**

Government grants are recognized when the related services are provided. Amounts received but unearned are included in the Statement of Financial Position as deferred revenue, when applicable.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The United Way records donated professional services at the respective fair values of the services received (Note 8).

**Advertising Costs**

The United Way uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred. Advertising costs totaled \$41,343 for the year ended December 31, 2018.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the 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 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). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fair Value Measurements (Continued)**

*Level 2* – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 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.

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Management has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Subsequent Events**

The United Way has evaluated subsequent events through August 15, 2019, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 77,432
Operating investments	2,338,820
Pledges and accounts receivable	574,089
	<hr/>
	\$ 2,990,341
	<hr/>



**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

3. INVESTMENTS

The United Way's short-term investments are classified as trading securities and are carried at their fair value based on the quoted market prices of the securities at December 31, 2018 and 2017. Net realized and unrealized gains and losses on trading securities are included in net investment return (loss). For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.

The composition of trading securities that are measured at fair value are as follows at December 31, 2018 and 2017:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	\$ 774,119	\$ 774,119	\$ -	\$ -
Equities	545,207	545,207	-	-
Mutual funds	540,974	540,974	-	-
Fixed income	478,520	478,520	-	-
Total operating investments	<u>2,338,820</u>	<u>2,338,820</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:	<u>261,027</u>	<u>261,027</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 2,599,847</u>	<u>\$ 2,599,847</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2017:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	\$ 845,699	\$ 845,699	\$ -	\$ -
Equities	601,829	601,829	-	-
Mutual funds	865,005	865,005	-	-
Fixed income	387,069	387,069	-	-
Total operating investments	<u>2,699,602</u>	<u>2,699,602</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:	<u>229,859</u>	<u>229,859</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 2,929,461</u>	<u>\$ 2,929,461</u>	<u>\$ -</u>	<u>\$ -</u>

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

3. INVESTMENTS (CONTINUED)

Net investment return (loss) consists of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Operating investments		
Interest and dividends	\$ 84,684	\$ 58,135
Unrealized return (loss), net	(327,528)	63,047
Realized return, net	<u>12,486</u>	<u>138,975</u>
	(230,358)	260,157
Money market, cash equivalent investments	<u>111,615</u>	<u>14,113</u>
Total net investment return (loss)	<u>\$ (118,743)</u>	<u>\$ 274,270</u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that market fluctuations in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Pledges receivable, net of discount	\$ 10,802,672	\$ 1,101,670
Allowance for uncollectible pledges	<u>(24,419)</u>	<u>(32,102)</u>
Total pledges receivable, net	<u>\$ 10,778,253</u>	<u>\$ 1,069,568</u>

Pledges receivable at December 31, 2018, excluding the allowance for uncollectible pledges, are expected to be collected as follows:

<u>Year</u>	<u>Undiscounted pledge</u>	<u>Discount at 3 percent</u>	<u>Discounted pledge</u>
2019	3,006,176	(113,932)	\$ 2,892,244
2020	4,074,360	(113,932)	3,960,428
2021	<u>3,950,000</u>	<u>-</u>	<u>3,950,000</u>
	<u>\$ 11,030,536</u>	<u>\$ (227,864)</u>	<u>\$ 10,802,672</u>

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following, at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 162,539	\$ 162,539
Building and improvements	1,464,831	1,464,831
Equipment	116,188	107,508
Furniture and fixtures	156,843	156,843
	<u>1,900,401</u>	<u>1,891,721</u>
Less: accumulated depreciation	(516,441)	(445,640)
	<u>\$ 1,383,960</u>	<u>\$ 1,446,081</u>

Depreciation and amortization expense was \$70,801 and \$69,087 for the years ended December 31, 2018 and 2017, respectively.

6. NOTE PAYABLE

Note payable consists of the following as of December 31, 2018 and 2017:

Non-interest-bearing note payable, due in monthly installments of \$4,000, discounted at an imputed interest rate of 3%, to January 2022, secured by the building and land:

	<u>2018</u>	<u>2017</u>
Undiscounted note payable balance	378,000	\$ 626,000
Less: unamortized discount at 3.00%	(107,051)	(131,896)
	<u>270,949</u>	<u>494,104</u>
Less: current portion	(22,412)	(23,157)
	<u>\$ 248,537</u>	<u>\$ 470,947</u>

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

6. NOTE PAYABLE (CONTINUED)

Future maturities of the note payable are as follows at December 31, 2018:

	Undiscounted Payment	Discount	Total
2019	\$ 48,000	\$ (25,588)	\$ 22,412
2020	48,000	(26,356)	21,644
2021	48,000	(27,146)	20,854
2022	234,000	(27,961)	206,039
	<u>\$ 378,000</u>	<u>\$ (107,051)</u>	<u>\$ 270,949</u>

Amortization of the discount is reported in the Statement of Functional Expenses as *Interest and Other Financial Expense*.

7. NET ASSETS

**Net Assets Without Donor Restrictions**

The Board of Trustees of United Way (the Board) has designated net assets without donor restrictions as follows:

- *Community initiatives* – Investments in future strategic initiatives that create long-lasting change.
- *Emergency reserve* – To provide for continued operations and community investments in the event of an unforeseen economic downturn. This reserve is adjusted annually.
- *Building debt service reserve* – To pay-off remaining balance of the note payable related to the building.
- *Building maintenance reserve* – Rent revenues collected to provide for building maintenance, as needed.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

7. NET ASSETS (CONTINUED)

**Net Assets Without Donor Restrictions (Continued)**

The composition of net assets without donor restrictions is designated as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Designated by the Board:		
Community initiatives	\$ 710,233	\$ 636,828
Emergency reserve	574,293	2,699,602
Building debt service reserve	270,949	-
Building maintenance reserve	137,013	-
Undesignated	<u>596,821</u>	<u>733,439</u>
 Total net assets without donor restrictions	 <u>\$ 2,289,309</u>	 <u>\$ 4,069,869</u>

**Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of cash and contributions receivable as of December 31, 2018 and 2017 that are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Designated campaign contributions	\$ 461,883	\$ 337,903
Strategic partnerships, net	1,950,000	-
United partnerships	82,977	98,025
Community grants	-	11,000
Welcome Baby	10,000	10,000
	<u>2,504,860</u>	<u>456,928</u>
 Subject to the passage of time:		
Strategic partnerships, net	9,672,137	-
Managing pledges, net	95,673	-
United partnerships 2018	-	30,000
	<u>9,767,810</u>	<u>30,000</u>
 Total net assets with donor restrictions	 <u>\$ 12,272,670</u>	 <u>\$ 486,928</u>

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

7. NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by collecting pledges or by incurring expenditures that satisfied the restricted purposes. Net assets released from donor restrictions are detailed as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Expiration of time restrictions	\$ 30,000	\$ 1,417,550
Satisfaction of purpose restrictions:		
Campaign pledges	254,885	416,829
United partnerships	15,048	259,294
Community grants	11,000	-
Welcome Baby	10,000	-
OUPN	-	47,009
CI, Box Elder	-	10,000
Washington Terrace	-	3,206
St. Ben Funds	-	1,357,157
	<u>290,933</u>	<u>2,093,495</u>
Total net assets released from restrictions	<u>\$ 320,933</u>	<u>\$ 3,511,045</u>

8. IN-KIND DONATIONS

During the years ended December 31, 2018 and 2017, the United Way received the following non-cash donations that have been reflected in the accompanying financial statements:

	<u>2018</u>	<u>2017</u>
Goods expense	\$ 35,105	\$ 434
Professional services expense	3,391	5,790
Food expense	2,500	2,645
Supplies expense	1,757	16,236
Rent expense	-	7,200
Total in-kind donations	<u>\$ 42,753</u>	<u>\$ 32,305</u>

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

9. EMPLOYEE BENEFITS

The United Way has a 403(b) retirement plan whereby employees who have been employed for at least one year are eligible to receive up to a 10 percent employer matching contribution, within statutory limits. The United Way has the option to make discretionary contributions. During the years ended December 31, 2018 and 2017, the United Way made contributions of \$38,938 and \$39,313, respectively.

10. LEASES

**Operating Leases**

The United Way leases office equipment under a noncancelable operating lease. The lease has a term of three years, at which time the United Way may return the equipment, purchase the equipment at fair market value, or extend the lease on a month-to-month basis. In the normal course of business, it is expected the lease will be renewed or replaced by a new lease.

Future minimum lease payments required under the operating lease agreement are as follows:

<u>Year ended December 31,</u>	
2019	\$ 10,041
2020	10,041
2021	<u>5,858</u>
	<u>\$ 25,940</u>

Total lease expense for the years ended December 31, 2018 and 2017 totaled \$9,067 and \$9,950, respectively.

**Lessor Agreements**

The United Way leases office space to tenants under noncancelable operating leases with terms of one to five years. Total lease revenue for the years ended December 31, 2018 and 2017 totaled \$137,013 and \$148,357, respectively.

11. CONCENTRATIONS

The United Way manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the United Way has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the United Way's mission.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

11. CONCENTRATIONS (CONTINUED)

Revenue and accounts receivable include one significant pledge, which represents approximately 79 percent of total revenues and 82 percent of total accounts receivable as of December 31, 2018. There were no significant revenue and accounts receivable concentrations as of December 31, 2017.

12. ANNUAL CAMPAIGN AND INTERMOUNTAIN COMBINED FEDERAL CAMPAIGN (CFC)

**United Way Annual Campaign**

The annual fundraising campaign is conducted to raise support to invest in community program services and strategic initiatives. Each year, by the end of December, the United Way reports to the public the total estimated annual campaign funds raised. Actual results may differ from estimated amounts publicly reported, due primarily to timing differences on multi-year pledges and receipts for future campaigns. Campaign pledges include restricted designations, which the United Way is required to remit to various community agencies, as directed by the donor. These commitments are paid out during the subsequent calendar year. Therefore, the payments made in the current year to programs and agencies are largely based on the results of the fall and winter of prior year campaigns, and are reflected as *Community Investment Expense* in the Statement of Activities for the year ended December 31, 2018.

If the total amount collected on restricted donor designations is less than what was originally pledged by the donor, these agencies only receive what was collected. If total designations exceed the commitment, then the agencies receive the greater amount. Any amount designated by donors to agencies in excess of the approved commitments is excluded from the amounts reported as revenues and expenses.

**Intermountain Combined Federal Campaign (CFC)**

In 2017, with the restructuring of the Combined Federal Campaign (the Federation) by the United States Office of Personnel Management (OPM), the multi-year CFC contract between the OPM and the United Way came to an end. The United Way continued to oversee the CFC until April 30, 2018, as a subcontractor of Kaptive, a private business that now holds the Federal Contract. The United Way is now a member of the local Federation, which has 20 organizations that participate in the CFC within the service area of Northern Utah (Weber, Box Elder Morgan).

As a participating member of the Federation, the United Way agrees to be subject to CFC regulation § 950.301(e)(2)(i), wherein pledge designations made to each member organization are distributed by a proportionate share of receipts based on donor designations to each member.



**UNITED WAY OF NORTHERN UTAH**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2018 and 2017**

13. STRATEGIC PARTNERSHIPS

**Local Partnership**

On October 15, 2018, the United Way entered into an agreement with a local partner, wherein this partner agreed to contribute \$12,000,000 over a three-year period. The first disbursement of \$2,000,000 was contributed during 2018, the second disbursement of \$2,000,000 was contributed in August 2019, and two additional contributions of \$4,000,000 each are anticipated to be received in January 2020 and 2021, respectively. Each of these contributions are restricted by the donor for a particular purpose. The remaining \$10,000,000 pledge receivable is recorded at a discount. See Note 4 for additional information.

The goal of this partnership is to improve the well-being of award recipients, reduce healthcare costs, and be a model for change by addressing social determinants of health. Once contributions are received, the United Way will disperse the monies as outlined in the criteria provided by the *Steering Committee of the Utah Alliance for the Determinants of Health*.

**St. Benedicts Foundation**

On June 14, 2013, the United Way signed an agreement with the St. Benedict Foundations (the Foundation), wherein the Foundation dissolved and distributed all its available funds to the United Way, totaling \$4,551,397. The agreement legally and fully transferred and assigned these assets to the United Way, with a restriction that they be used to support charitable organizations that positively impact the lives of women, children, and families in crisis over the subsequent five years. All remaining funds, totaling \$1,357,157 were completely distributed during 2017 and the trust accounts were closed.