

UNITED WAY OF WILLIAMSON COUNTY

JUNE 30, 2017 and 2016

**Report
of
Examination**

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

August 13, 2017

Board of Directors
United Way of Williamson County
Franklin, Tennessee

We have audited the accompanying financial statements of United Way of Williamson County (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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 positions of United Way of Williamson County as of June 30, 2017 and 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses-actual to budget on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Parsons and Associates

Parsons and Associates, CPAs

**UNITED WAY OF WILLIAMSON COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash – checking	\$ 596,611	\$ 900,911
– interest bearing accounts	605,606	611,411
Total cash and cash equivalents	<u>1,202,217</u>	<u>1,512,322</u>
Pledges receivable, net	1,494,287	1,735,766
Out of area pledges receivable	219,219	236,452
Designations – direct pay	507,845	446,763
Prepaid expenses	217,207	507,957
Other receivable	13,676	21,126
Designations receivable	<u>3,775</u>	<u>20,350</u>
Total Current Assets	<u>3,658,226</u>	<u>4,480,736</u>
<u>Investments (Fair Market Value)</u>	<u>2,993,383</u>	<u>1,741,504</u>
<u>Property and Equipment (net of accumulated depreciation)</u>	<u>62,009</u>	<u>52,390</u>
<u>Other Assets</u>		
Gift cards	<u>815</u>	<u>0</u>
Total Assets	<u>\$6,714,433</u>	<u>\$6,274,630</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities and Deferred Credits</u>		
Accounts payable	\$ 16,683	\$ 14,880
Designations payable to out-of-area	<u>298,108</u>	<u>422,362</u>
Total Liabilities and Deferred Credits	<u>314,791</u>	<u>437,242</u>
<u>Net Assets</u>		
Unrestricted net assets		
Unappropriated	302,315	265,454
Board designation	1,929,889	879,889
Temporarily restricted net assets	<u>4,167,438</u>	<u>4,692,045</u>
Total Net Assets	<u>6,399,642</u>	<u>5,837,388</u>
<u>Total Liabilities and Net Assets</u>	<u>\$6,714,433</u>	<u>\$6,274,630</u>

See accompanying notes and auditor's report.

**UNITED WAY OF WILLIAMSON COUNTY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30**

	2017		2016
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Gross campaign results in prior year - released from restrictions	\$4,718,380	\$	\$4,495,168
(Less gross donor designations)	<u>(1,304,499)</u>		<u>(1,307,647)</u>
Campaign Revenue	3,413,881		3,187,521
(Less provision for uncollectible)	<u>(307,662)</u>		<u>(287,864)</u>
Net Campaign Revenue	<u>3,106,219</u>		<u>2,899,657</u>
Gross Campaign Results		4,252,945	4,774,320
(Less provision for uncollectible)		<u>(286,064)</u>	<u>(307,662)</u>
Net Campaign Revenue		<u>3,966,881</u>	<u>4,466,658</u>
Other contributions	1,042,887		77,674
Designations from other United Ways	66,185	59,632	120,122
In-kind contributions	497,828		356,943
Service fees	55,828		82,314
Grants and contracts	170,805	83,499	236,949
Investment income	82,420		111,927
Realized gain (losses)	35,858		(108,180)
Unrealized gains (losses)	139,050		(16,031)
Other	0		9,611
Released from restriction	<u> </u>	<u>(4,634,619)</u>	<u>(4,372,084)</u>
TOTAL REVENUE	<u>5,197,080</u>	<u>(524,607)</u>	<u>3,865,560</u>
 EXPENSES			
Program Services			
Gross funds awarded/distributed	2,189,879		2,169,966
Grants and contracts	279,092		356,068
Program services	848,015		691,952
Supporting services	<u>793,233</u>		<u>741,721</u>
TOTAL EXPENSES	<u>4,110,219</u>	<u> </u>	<u>3,959,707</u>
Increase in net assets	1,086,861	(524,607)	(94,147)
Net Assets – July 1	<u>1,145,343</u>	<u>4,692,045</u>	<u>5,931,535</u>
Net Assets – June 30	<u>\$2,232,204</u>	<u>\$4,167,438</u>	<u>\$5,837,388</u>

See accompanying notes and auditor's report.

**UNITED WAY OF WILLIAMSON COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30**

2017

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	<u>Allocation</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	
Gross allocations	\$3,494,378	\$	\$	\$	\$3,494,378
Projects and contracts (Less donor designations)	279,092 <u>(1,304,499)</u>				279,092 <u>(1,304,499)</u>
	<u>2,468,971</u>				<u>2,468,971</u>
Salaries and wages	221,208	214,888	195,927	410,816	632,024
Incentive Compensation	1,400	1,360	1,240	2,600	4,000
Employee benefits	25,232	24,511	22,348	46,859	72,090
Payroll taxes	17,429	16,931	15,437	32,369	49,798
Independent contractor	531	516	471	987	1,518
Donor's relations	14,195	13,790	12,573	26,363	40,558
Worker's compensation insurance	6,813	6,619	6,035	12,654	19,467
Audit and accounting fees	2,520	2,448	2,232	4,680	7,200
In kind – Marketing	1,897	1,360	6,022	7,382	9,279
In kind – projects and activities	453,062	17,487	18,000	35,487	488,549
Office supplies	2,689	2,613	2,382	4,995	7,684
Telephone and internet expense	2,084	2,024	1,845	3,869	5,953
Postage expense	1,590	1,544	1,408	2,952	4,542
Occupancy	28,711	27,890	25,429	53,320	82,030
General and liability insurance	1,125	1,093	997	2,090	3,215
License, fees and permits	756	735	670	1,405	2,161
Cleaning services	1,446	1,404	1,280	2,685	4,130
Equipment leases and maintenance	1,620	1,574	1,435	3,009	4,629
Software support	3,639	3,535	3,223	6,758	10,397
Miscellaneous expense	502	488	445	932	1,434
Awards	2,113	2,052	1,871	3,923	6,036
Advertising and promotions	2,748	2,669	2,434	5,103	7,850
Outside printing	3,062	2,975	2,712	5,687	8,749
Auto allowance local	1,785	1,734	1,581	3,315	5,100
Conferences and training	511	496	452	948	1,459
Credit card fees/ePledge fees			15,801	15,801	15,801
Campaign events			2,000	2,000	2,000
Directors and Officers insurance	587	570	520	1,090	1,677
Equipment depreciation	3,503	3,403	3,102	6,505	10,008
Payroll processing fees	4,805	4,668	4,256	8,923	13,728
IT Support	9,711	9,434	8,602	18,036	27,747
Organization dues	2,307	2,241	2,043	4,284	6,591
Organization meetings and events	1,615	1,568	1,430	2,998	4,613
United Way Worldwide dues	16,820	16,339	14,897	31,236	48,056
Investment fees		16,254		16,254	16,254
Small equipment purchases		4,921		4,921	4,921
2-1-1 Program support	<u>10,000</u>				<u>10,000</u>
	<u>848,015</u>	<u>412,133</u>	<u>381,100</u>	<u>793,233</u>	<u>\$1,641,248</u>
Total Functional Expenses	<u>\$3,316,986</u>	<u>\$412,133</u>	<u>\$381,100</u>	<u>\$793,233</u>	<u>\$4,110,219</u>

See accompanying notes and auditor's report.

**UNITED WAY OF WILLIAMSON COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30**

2016

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
		<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	
		\$	\$	\$	\$
Gross allocations	\$3,477,613				\$3,477,613
Projects and contracts	356,068				356,068
(Less donor designations)	<u>(1,307,647)</u>				<u>(1,307,647)</u>
	<u>2,526,034</u>				<u>2,526,034</u>
Salaries and payroll expenses	235,071	207,415	248,898	456,313	691,384
Worker's compensation insurance	22,630	19,968	23,961	43,929	66,559
Audit and accounting fees	2,278	2,010	2,412	4,422	6,700
In kind – marketing	1,055	1,055	24,256	25,311	26,366
In kind – projects and activities	330,577				330,577
Office supplies	2,283	2,014	2,417	4,431	6,714
Telephone expense	1,803	1,591	1,908	3,499	5,302
Postage expense	2,461	2,171	2,605	4,776	7,237
Occupancy	27,387	24,165	28,998	53,163	80,550
General and liability insurance	1,070	944	1,132	2,076	3,146
License, fees and permits	793	700	839	1,539	2,332
Cleaning services	1,387	1,224	1,469	2,693	4,080
Equipment maintenance	4,085	3,605	4,326	7,931	12,016
Software support	5,208	4,596	5,515	10,111	15,319
Miscellaneous expense	741	654	785	1,439	2,180
Awards	2,048	1,807	2,169	3,976	6,024
Advertising and promotions	2,250	1,986	2,383	4,369	6,619
Outside printing	2,898	2,557	3,068	5,625	8,523
Auto allowance local	1,842	1,626	1,951	3,577	5,419
Conferences and training	1,650	1,456	1,747	3,203	4,853
Credit card fees/E-Way			15,468	15,468	15,468
Campaign events			2,027	2,027	2,027
Bonding insurance	573	505	606	1,111	1,684
Equipment depreciation	4,013	3,541	4,248	7,789	11,802
Payroll processing fees	4,678	4,127	4,953	9,080	13,758
IT Support	979	864	1,037	1,901	2,880
Video Production	867	765	918	1,683	2,550
Website Design	449	396	475	871	1,320
Allocation Automation Expense	1,190	1,050	1,260	2,310	3,500
Organization dues	2,263	1,997	2,397	4,394	6,657
Organizational Meetings	2,017	1,779	2,135	3,914	5,931
United Way Worldwide dues	15,191	13,404	16,084	29,488	44,679
Executive training		1,854		1,854	1,854
Investment fees		17,450		17,450	17,450
Small equipment purchases	79	64	70	134	213
2-1-1 program support	<u>10,000</u>				<u>10,000</u>
	<u>691,816</u>	<u>329,340</u>	<u>412,517</u>	<u>741,857</u>	<u>1,433,673</u>
Total Functional Expenses	<u>\$3,217,850</u>	<u>\$329,340</u>	<u>\$412,517</u>	<u>\$741,857</u>	<u>\$3,959,707</u>

See accompanying notes and auditor's report.

**UNITED WAY OF WILLIAMSON COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 562,254	\$(94,147)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operations: depreciation	10,008	11,802
Changes in operating assets and liabilities		
(Increase) decrease in pledges and designations receivable	258,712	(172,014)
(Increase) decrease in other receivables and accruals	7,450	(4,627)
(Increase) decrease in designations and receivables	(44,507)	34,984
(Increase) decrease in prepaid expenses	290,750	56,521
(Increase) decrease in other assets	(815)	0
(Increase) decrease in investments	(112,829)	480,089
(Increase) decrease in unrealized gain	(139,050)	16,031
Increase (decrease) in accounts payable and accrued expenses	1,803	(15,788)
Increase (decrease) in designations payable – out of county	<u>(124,254)</u>	<u>(32,120)</u>
Net cash provided (used) by operating activities	<u>709,522</u>	<u>280,731</u>
Cash flows from investing activities		
Funding of investment account	(1,000,000)	0
Purchase of fixed assets	<u>(19,627)</u>	<u>(17,995)</u>
Net cash (used) by investing activities	<u>(1,019,627)</u>	<u>(17,995)</u>
Increase (decrease) in cash and cash equivalents	(310,105)	262,736
Cash and cash equivalents - July 1	1,512,322	1,249,586
Cash and cash equivalents - June 30	<u>\$1,202,217</u>	<u>\$1,512,322</u>

See accompanying notes and auditor's report.

**UNITED WAY OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The United Way of Williamson County of Tennessee is a not-for-profit organization chartered on June 28, 1961. Its purpose is to bring together in a united appeal all possible campaigns of community accepted health, welfare, and recreational agencies, including local, state and national service organizations. It is governed by a volunteer board of directors.

Basis of Accounting

The financial statements of United Way of Williamson County have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to imposed stipulations that they be maintained permanently by the Organization. Generally, these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at June 30, 2017 and 2016.

Revenue and Campaign Expenses

Revenue from pledges is recognized in the period for which the pledges are designated. Campaign expenses for annual campaigns are recognized in the period in which the expense is incurred.

Pledges receivable are recorded as received with an allowance provided for estimated uncollectible accounts. Campaign support is recognized as a change to temporarily restricted net assets until the year of allocation. Contributions are considered available for use as approved by the Board of Directors unless specifically restricted or designated by the donor.

Allocations

Allocations to agencies are recognized as expenses in the period that corresponds to the campaign revenues recognized.

Equipment, Improvements and Depreciation

The Organization capitalizes all expenditures in excess of \$1,000. Equipment and improvements are stated at cost less accumulated depreciation. Donated equipment is carried at the approximate fair market value at the date of donation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets.

**UNITED WAY OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016**

Functional Expenses

The allocation of salaries and indirect expenditures into functional categories is based upon the amount of time spent in the various functions by the Organization's personnel and other appropriate basis of allocation.

Donated Services

Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

Income Tax Exemption

The organization has been granted exempt status as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the financial statements.

Estimates

Management has made estimates and assumptions relating to the reporting of certain assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Grants

Grants (private, state, federal) are received which enhance the United Way of Williamson County's ability to provide services and activities within the community. Grants are managed according to UWWC internal controls and the stipulations of the granting agency. Separate financial accounts are maintained for each grant, including revenues and expenses, and are reviewed periodically by the Finance Committee.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market values.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

<u>Campaign year</u> <u>as of June 30, 2017</u>	<u>Future</u>	<u>2016</u>	<u>Prior</u>	<u>Total</u>
Campaign pledges	\$18,266	\$1,762,090	\$195,102	\$1,975,458
Less allowance for doubtful pledges	<u>0</u>	<u>(286,069)</u>	<u>(195,102)</u>	<u>(481,171)</u>
	<u>\$18,266</u>	<u>\$1,476,021</u>	<u>\$ 0</u>	<u>\$1,494,287</u>
<u>Campaign year</u> <u>as of June 30, 2016</u>	<u>Future</u>	<u>2015</u>	<u>Prior</u>	<u>Total</u>
Campaign pledges	\$85,838	\$1,957,590	\$124,071	\$2,167,499
Less allowance for doubtful pledges	<u>0</u>	<u>(307,662)</u>	<u>(124,071)</u>	<u>(431,733)</u>
	<u>\$85,838</u>	<u>\$1,649,920</u>	<u>\$ 0</u>	<u>\$1,735,766</u>

UNITED WAY OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

It is the policy to remove from the records of the Organization the unpaid pledges of the campaign performed two years prior to the current campaign.

NOTE 3 – ALLOWANCE FOR DOUBTFUL PLEDGES

<u>Campaign year as of June 30, 2017</u>	<u>2016</u>	<u>Prior</u>	<u>Total</u>
Balance – beginning	\$ 0	\$307,662	\$307,662
Adjustments to allowances for doubtful accounts:	0	(112,560)	(112,560)
Addition based on percentage	<u>286,069</u>	<u>0</u>	<u>286,069</u>
	<u>\$286,069</u>	<u>\$195,102</u>	<u>\$481,171</u>

Allowance for doubtful pledges is computed based on 3 year historical average and estimates of current economic factors, applied to gross campaign, including donor designations.

NOTE 4 – CAMPAIGN FOR 2016

The 2016 campaign was conducted during the fall of 2016 and the support from that campaign is presented as temporarily restricted net assets at June 30, 2017. The majority of campaign funds will be received during the calendar year 2017. Allocations based on the 2016 campaign will be disbursed to the member agencies during the July 2017 - June 2018 fiscal year. Pledges received during the 2016 campaign exceeded \$4,190,000.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$327,225	\$307,597
Accumulated depreciation	<u>(265,216)</u>	<u>(255,207)</u>
	<u>\$ 62,009</u>	<u>\$ 52,390</u>

NOTE 6 - PENSION PLAN

The Organization contributes to a defined contribution pension plan covering its employees who have completed six months of service and are at least 21 years of age. The Organization matches the elective deferrals up to 3% of the employee's compensation and 50% of the elective deferral of the next 2% deferrals of employee's compensation. Vesting occurs immediately. Net pension costs for the years ended June 30, 2017 and 2016 were \$16,471 and \$14,021, respectively.

NOTE 7 - LEASES

In early 2017, the office space lease was extended from 2017 until January 2021. Office rent for the year ended June 30, 2016 was \$76,946. Rent expense for future periods is:

Period ending	Amount
June 2018	\$80,909
June 2019	\$84,983
June 2020	\$84,983
Jan 2021	\$42,492

**UNITED WAY OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016**

NOTE 8 - CONCENTRATIONS OF RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The United Way of Williamson County maintains cash balances at several financial institutions located in Middle Tennessee. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 and 2016, uninsured cash balances total \$478,425 and \$1,002,937, respectively.

NOTE 9 - AGENCY ENDOWMENT FUND

During the year ended June 30, 1998, the Board of Directors of United Way of Williamson County approved the creation of an Agency Endowment Fund with the Community Foundation of Middle Tennessee. The fund is named the United Way of Williamson County Fund.

Earnings of the "Fund" may be re-invested in the "Fund" or distributed to United Way of Williamson County on an annual basis. The market value of the fund was \$354,729 and \$338,042 at June 30, 2017 and 2016, respectively. This fund is not an asset of the United Way of Williamson County and, therefore, not included in these financial statements. Distributions in the amount of \$17,500 and \$18,400 were received during the June 30, 2017 and 2016 years, respectively.

NOTE 10 – NET ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Contributions to support allocations and operations of future periods	\$4,310,462	\$4,615,715
Raise Your Hand	0	50,000
Local Disaster Relief	<u>26,330</u>	<u>26,330</u>
Total	<u>\$4,336,792</u>	<u>\$4,692,045</u>

NOTE 11 – INTEREST BEARING ACCOUNTS

Certificates of deposit totaling \$605,606 and \$611,411 as of June 30, 2017 and 2016, respectively, are included in cash equivalents as interest bearing accounts in the accompanying financial statements. The certificates bear interest rates currently ranging from .50% to 1.11% with maturities of twelve months or less.

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Organization's financial instruments are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 141,080	\$ 141,080
Long-term investments: fixed income		
Fixed income	467,153	465,237
Equities	1,455,641	1,799,102
Other	<u>568,812</u>	<u>587,964</u>
Total	<u>\$2,632,686</u>	<u>\$2,993,383</u>

Long-term investments – the fair value of long-term investments are estimated based on quoted market prices for these investments.

NOTE 13 – RISK MANAGEMENT

The Organization is exposed to various risks of loss. During the fiscal year, the Organization contracted with various insurance companies for various types of insurance. There were no significant reductions in coverage from prior years and there have been no claims that have exceeded insurance coverage in any of the last three years.

UNITED WAY OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 14 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended June 30, 2017 and June 30, 2016.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the Secretary of State for the State of Tennessee. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

NOTE 15 – GRANTS

A grant agreement has been made between the Organization and Mercy Community Healthcare (a Tennessee nonprofit 501c(3) organization) for funding up to \$424,394 for the Behavioral Health Program in Williamson County Schools. Payments are to be made quarterly and are contingent on various agreed upon measurement goals. Payments during the fiscal year 2017 were \$108,287.

Fiscal year	
2018	114,268
2019	50,000

NOTE 16 – BOARD DESIGNATED ENDOWMENT

During the fiscal year 2016-2017, the Organization received an unrestricted donation of \$1,000,000 from Patricia and Rodes Hart to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets (board designated).

UNITED WAY OF WILLIAMSON COUNTY
SCHEDULE OF OPERATING EXPENSES - ACTUAL TO BUDGET
YEAR ENDED JUNE 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<u>Budgeted</u>			
Salaries and payroll expenses	\$ 632,024	\$ 648,537	\$ 16,513
Employee incentive compensation	4,000	4,000	0
Employee benefits	72,090	82,600	10,510
Donor relations incentive and training	40,558	57,440	16,882
Independent contractor	1,518	0	(1,518)
Payroll taxes and worker compensation	69,265	70,300	1,035
Payroll & benefits processing	13,728	15,000	1,272
Audit and accounting fees	7,200	6,825	(375)
Office supplies	7,684	5,600	(2,084)
Kitchen supplies	0	1,600	1,600
Telephone expense	5,953	5,000	(953)
Postage expense	4,542	6,200	1,658
Office rent	75,506	76,360	854
General and liability insurance	3,215	3,300	85
Directors and officers insurance	1,677	1,700	23
Electric and gas service	5,055	4,700	(355)
Licenses, fees and permits	2,161	1,400	(761)
Building maintenance	1,469	1,500	31
Cleaning service	4,130	4,280	150
Equipment maintenance	4,629	5,100	471
Software support	10,397	9,700	(697)
Miscellaneous expense	1,434	1,000	(434)
Awards and recognition	6,036	10,000	3,964
Advertising and promotion	7,850	7,500	(350)
Campaign materials and printing	8,749	9,000	251
Campaign supplies	2,000	2,000	0
Auto allowance local	5,100	7,000	1,900
Conferences and training	1,459	4,500	3,041
Organizational meetings and events	4,613	4,000	(613)
E-Way/E-Pledge charges	2,673	3,000	327
Credit card fees	13,128	15,000	1,872
2-1-1 support	10,000	10,000	0
IT support	27,747	12,000	(15,747)
UWTN dues	6,591	7,000	409
Depreciation	10,008	15,000	4,992
Small equipment	4,921	5,000	79
UWW dues	<u>48,056</u>	<u>47,000</u>	<u>(1,056)</u>
Total Budgeted	<u>1,127,166</u>	<u>1,170,142</u>	<u>42,976.</u>
<u>Non-Budgeted</u>			
Marketing in-kind	9,279	0	(9,279)
In-kind projects & events	488,549	0	(488,549)
Investment fees	<u>16,254</u>	<u>0</u>	<u>(16,254)</u>
Total Non-Budgeted Expenses	<u>514,082</u>	<u>0</u>	<u>(514,082)</u>
Total Operating Expenses	<u>\$1,641,248</u>	<u>\$1,170,142</u>	<u>\$(471,106)</u>

See accompanying notes and auditor's report.