

**United Way of Frederick County,
Incorporated**

**Financial Statements, Supplementary
Information, and
Report of Independent
Certified Public Accountants**

June 30, 2017 and 2016



Linton Shafer Warfield & Garrett, P.A.
Certified Public Accountants & Business Consultants

Report of Independent Certified Public Accountants

To the Board of Directors of
United Way of Frederick County, Incorporated

We have audited the accompanying financial statements of United Way of Frederick County, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Frederick County, Incorporated 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of community impact partners designations payable and the schedule of community impact grants are presented for purposes of additional analysis and are 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 audits 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.

Linton Shafer Warfield & Garrett, P.A.

Frederick, Maryland
September 27, 2017

United Way of Frederick County, Incorporated
Statements of Financial Position
June 30,

Assets

	2017	2016
Current Assets		
Cash and cash equivalents	\$ 60,270	\$ 149,757
Restricted cash - CCC	13,512	15,040
Restricted cash - IDA	322,922	330,007
Marketable securities	1,028,436	687,832
Pledges receivable, net of allowance for uncollectible pledges	242,029	228,686
Allocations due from CCC	48,924	42,586
Other receivables	1,933	6,089
Prepaid expenses	26,782	7,859
Total Current Assets	1,744,808	1,467,856
Property and Equipment - net	5,890	6,277
Other Assets		
Timeshare interest	3,500	3,500
Assets held in Special Awards Trust Fund	-	311,735
Total Other Assets	3,500	315,235
Total Assets	\$ 1,754,198	\$ 1,789,368

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 31,982	\$ 19,872
Allocations/designations payable:		
Agencies and other organizations	175,463	184,743
Community Impact Partners	85,744	92,167
Other United Way agencies	2,853	2,442
Due to CCC	13,512	15,040
Deferred revenue	212,678	178,854
Total Current Liabilities	522,232	493,118
Long-Term Liabilities		
Liability for assets held in Special Awards Trust Fund	-	311,735
Total Liabilities	522,232	804,853
Net Assets		
Unrestricted	869,752	906,359
Unrestricted - Board Designated	362,214	78,156
Total Net Assets	1,231,966	984,515
Total Liabilities and Net Assets	\$ 1,754,198	\$ 1,789,368

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

United Way of Frederick County, Incorporated
Statement of Activities and Changes in Net Assets
For the Year Ended June 30,

	2017	2016
SUPPORT AND REVENUE		
Current Year Campaigns and Public Support		
Workplace campaigns pledges and contributions	\$ 593,639	\$ 639,156
Less estimated uncollectible pledges	(53,434)	(88,163)
Share of CCC allocations	37,904	36,324
Donor designations to agencies	(264,059)	(279,353)
Individual and corporate donors	404,655	81,094
Bequests	100,000	-
In-kind contributions	175,409	83,204
Net Contributions	994,114	472,262
Prior Year Campaigns and Public Support		
Workplace campaign pledges and contributions	78,657	77,219
Workplace campaign designations uncollected	7,123	14,633
Grants	147,887	132,922
Total Support	1,227,781	697,036
Revenue:		
Interest and dividend income	19,365	17,065
Net administrative fees - designations and campaigns	9,047	4,227
Realized/unrealized gain on investments	60,109	1,874
Special events, net	6,842	32,106
Other income	39,585	29,171
Total Revenue	134,948	84,443
Total Support and Revenue	1,362,729	781,479
ALLOCATIONS AND EXPENSES		
Community impact activities and allocation	271,644	335,663
Unallocated payments to affiliated organization:		
Membership - United Way Worldwide	11,942	12,144
Functional Expenses:		
Program services	495,638	342,514
Fundraising	130,718	152,108
Management and general	205,336	127,762
Total Functional expenses	831,692	622,384
Total Allocations and Expenses	1,115,278	970,191
Change in Unrestricted Net Assets	247,451	(188,712)
Unrestricted Net Assets, beginning of year	984,515	1,173,227
Unrestricted Net Assets, end of year	\$ 1,231,966	\$ 984,515

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

United Way of Frederick County, Incorporated
Statement of Functional Expenses
For the Year Ended June 30, 2017

	<u>Supporting Services</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Salaries	\$ 212,442	\$ 82,163	\$ 139,659	\$ 434,264
Employee benefits	18,440	7,132	12,122	37,694
Retirement plan contribution	9,908	3,832	6,514	20,254
Payroll taxes	13,808	5,340	9,077	28,225
Total salaries and benefits	254,598	98,467	167,372	520,437
Resource development - campaign	-	9,916	-	9,916
Rent	8,806	3,405	5,789	18,000
Telephone	5,028	1,944	3,305	10,277
Total facilities	13,834	5,349	9,094	28,277
Professional fees	8,849	3,423	5,818	18,090
Bank service charge & fees	4,115	1,591	2,705	8,411
Office supplies	2,965	1,147	1,949	6,061
Computer expenses	3,931	1,520	2,584	8,035
Postage	868	336	570	1,774
Equipment rent & maintenance	6,206	2,400	4,080	12,686
Intern stipend / Americorp	1,788	692	1,175	3,655
Travel, meals, meetings & training	10,183	3,938	6,695	20,816
Membership dues - other	2,456	950	1,614	5,020
Insurance	1,798	696	1,182	3,676
Prosperity account	7,880	-	-	7,880
In-kind expenses	175,409	-	-	175,409
Total expenses before depreciation	494,880	130,425	204,838	830,143
Depreciation	758	293	498	1,549
Total functional expenses	<u>\$ 495,638</u>	<u>\$ 130,718</u>	<u>\$ 205,336</u>	<u>\$ 831,692</u>

The accompanying notes are an integral part of this financial statement.

United Way of Frederick County, Incorporated
Statement of Functional Expenses
For the Year Ended June 30, 2016

	<u>Supporting Services</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Salaries	\$ 150,881	\$ 75,745	\$ 77,570	\$ 304,196
Employee benefits	14,233	7,145	7,318	28,696
Retirement plan contribution	7,575	3,803	3,894	15,272
Payroll taxes	13,169	6,611	6,770	26,550
Total salaries and benefits	185,858	93,304	95,552	374,714
Resource development - campaign	-	26,301	-	26,301
Rent	8,928	4,482	4,590	18,000
Telephone	3,493	1,754	1,796	7,043
Total facilities	12,421	6,236	6,386	25,043
Professional fees	9,568	5,854	4,919	20,341
Bank service charge & fees	4,751	2,385	2,442	9,578
Office supplies	2,903	1,456	1,496	5,855
Computer expenses	1,337	671	687	2,695
Postage	1,641	824	843	3,308
Equipment rent & maintenance	7,107	3,568	3,653	14,328
Intern stipend / Americorp	9,567	4,803	4,918	19,288
Travel, meals, meetings & training	8,366	4,200	4,301	16,867
Membership dues - other	2,049	1,029	1,053	4,131
Insurance	2,049	1,029	1,053	4,131
Prosperity account	10,800	-	-	10,800
In-kind expenses	83,204	-	-	83,204
Total expenses before depreciation	341,621	151,660	127,303	620,584
Depreciation	893	448	459	1,800
Total functional expenses	<u>\$ 342,514</u>	<u>\$ 152,108</u>	<u>\$ 127,762</u>	<u>\$ 622,384</u>

The accompanying notes are an integral part of this financial statement.

United Way of Frederick County, Incorporated
Statements of Cash Flows
For the Years Ended June 30,

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 247,451	\$ (188,712)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,549	1,800
Provision for uncollectible pledges	(34,729)	(6,469)
Realized/unrealized gain on investments	(60,109)	(1,874)
Special Awards Trust Fund release	(332,261)	-
Change in operating assets and liabilities		
Pledges receivable	21,386	50,758
Allocations due from CCC	(6,338)	10,339
Other receivables	4,156	(3,056)
Prepaid expenses	(18,923)	3,591
Accounts payable and accrued expenses	12,110	12,006
Allocations/designations payable	(15,292)	(25,609)
Deferred revenue	33,824	124,309
Net cash provided by (used in) operating activities	(147,176)	(22,917)
Cash flows from investing activities:		
Investment in marketable securities	51,766	(4,867)
Purchase of equipment	(1,162)	(1,648)
Net cash provided by (used in) investing activities	50,604	(6,515)
Net increase (decrease) in cash and cash equivalents	(96,572)	(29,432)
Cash and cash equivalents, beginning of year	479,764	509,196
Cash and Cash Equivalents at End of Year	\$ 383,192	\$ 479,764
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(1) NATURE OF ORGANIZATION

United Way of Frederick County Incorporated (UWFC) is a non-profit organization formed to support community, charitable, benevolent, and educational undertakings that give aid, relief, and comfort primarily to the people of Frederick County, Maryland, by increasing general knowledge and promoting public interest in such undertakings, and by collecting and distributing money and services for these purposes. UWFC begins its annual campaign in the fall of each year, and continues it through the spring of the following year.

UWFC is a community impact organization and grants funds to organizations focused on measurable outcomes in the areas of education, income, and health. UWFC routinely recruits and engages volunteers and expert leaders to advance the common good through community forums, on-going summer service projects, and other service activities.

UWFC (a local United Way) is a member of United Way Worldwide (UWW). UWW is an international organization dedicated to leading the United Way movement. Local United Ways create long-lasting community change by addressing the underlying causes of the most significant local issues; specifically, education health, and income. Membership allows local United Ways to use the name and service marks owned by UWW, during the period of membership. Membership support calculations are based on a formula driven process. As a member, UWFC is subject to financial and membership accountability standards established by UWW.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenditures are recognized when they are incurred, without regard to receipt or payment of cash. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. UWFC is required to report information regarding its financial position and activities according to three classes of net assets:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of UWFC 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. UWFC had no temporarily restricted net assets at June 30, 2017 or 2016.

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Cash and Cash Equivalents – All short-term highly liquid investments with a maturity date within 90 days of purchase are considered cash equivalents.

Restricted Cash – Restricted cash – CCC includes cash maintained in a separate account for the Combined Charity Campaigns (see Note 9). Restricted cash – IDA includes unspent funds, including matching funds, under a grant from the Department of Health and Human Services.

Pledges Receivable – UWFC uses the allowance method to determine uncollectible pledges and the allowance is based on prior years' experience.

Public Support – Contributions are recognized when the donor makes a promise (pledge) to give UWFC that is, in substance, unconditional. All contributions are considered to be available for the general programs of UWFC unless specifically restricted by the donor.

Designated Pledges – Some pledges to UWFC are donor-designated for UWFC member/partner agencies, other United Way agencies or Non-United Way agencies. Because UWFC's role consists of collecting, holding, and remitting these pledges to the designated organization without having variance power to transfer the assets to another beneficiary, such amounts are deducted from total support on the Statements of Activities and Changes in Net Assets.

During the fiscal year ended June 30, 2017, UWFC replaced The Community Foundation of Frederick County as third-party intermediary of the Unity Campaign, an organization that raises funds to benefit 27 specified local nonprofit organizations. As pledges for the Unity Campaign are designated with no variance power, they will also be deducted from total support as described above.

Donated Services and In-Kind Contributions – Contributions of donated services that meet the definition for recognition under generally accepted accounting principles are recorded at their fair values in the period received. For the years ended June 30, 2017 and 2016, donated services and materials that advanced many of UWFC's programs totaled \$175,409 and \$83,204, respectively, of which approximately \$34,249 and \$33,659, respectively, related to public service announcements and advertising. Donated services from unpaid volunteers who assist in fundraising and special projects are not recognized in the Statements of Activities and Changes in Net Assets because the criteria for recognition under accounting standards have not been satisfied.

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising – Advertising costs are expensed as incurred. Advertising costs were \$2,968 and \$5,201 for the year ended June 30, 2017 and 2016, respectively.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain prior year financial statement amounts have been reclassified to conform to current year presentation.

(3) PLEDGES RECEIVABLE

Pledges receivable for the 2016 and 2015 campaigns consists of the following as of June 30:

	2017	2016
Pledges receivable	\$ 295,463	\$ 316,848
Less: allowance for uncollectible pledges (9% of annual campaign pledges and contributions)	(53,434)	(88,162)
Pledges receivable, net	\$ 242,029	\$ 228,686

Pledges receivable are expected to be collected in one year.

(4) INVESTMENTS AND FAIR VALUE MEASUREMENT

Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives 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 input levels used for valuing the assets and liabilities are not necessarily an indication of risk. The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(4) INVESTMENTS AND FAIR VALUE MEASUREMENT(continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWFC 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 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 of methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash and equivalents, fixed income securities and equities – valued at the closing price reported on the active market on which the individual securities are traded.

Pledges receivable – valued at the amount management expects to collect from the outstanding balance.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although UWFC believes its valuation methods are appropriate and consistent with the 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 Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(4) INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

The following table set forth UWFC's assets by level, within the fair value hierarchy as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & equivalents	\$ 17,546	\$ -	\$ -	\$ 17,546
Fixed income securities	312,128	-	-	312,128
Equities	<u>698,762</u>	<u>-</u>	<u>-</u>	<u>698,762</u>
Total marketable securities	1,028,436	-	-	1,028,436
Pledges receivable, net	-	-	<u>242,029</u>	<u>242,029</u>
Total	<u><u>\$1,028,436</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 242,029</u></u>	<u><u>\$1,270,465</u></u>

The following table sets forth UWFC's assets by level, within the fair value hierarchy as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & equivalents	\$ 9,046	\$ -	\$ -	\$ 9,046
Fixed income securities	327,138	-	-	327,138
Equities	<u>351,648</u>	<u>-</u>	<u>-</u>	<u>351,648</u>
Total marketable securities	687,832	-	-	687,832
Pledges receivable, net	-	-	<u>228,686</u>	<u>228,686</u>
Total	<u><u>\$ 687,832</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 228,686</u></u>	<u><u>\$ 916,518</u></u>

The following table provides a summary of changes in fair value of UWFC's Level 3 financial assets:

	<u>2017</u>	<u>2016</u>
	<u>Pledges - Net</u>	<u>Pledges - Net</u>
Balance - beginning of year	\$ 228,686	\$ 272,975
Contributions:		
Pledge payments	(526,862)	(676,377)
New pledges	593,639	720,250
Allowance account	<u>(53,434)</u>	<u>(88,162)</u>
Balance - end of year	<u><u>\$ 242,029</u></u>	<u><u>\$ 228,686</u></u>

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(4) INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

Included in revenue on the Statements of Activities and Changes in Net Assets for the years ended June 30, 2017 and 2016 are \$19,365 and \$17,065, respectively, of interest and dividend income and \$60,109 and \$1,874, respectively, of net realized and unrealized gain on marketable securities.

(5) PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2017	2016
Office equipment	\$ 57,144	\$ 55,983
Less: accumulated depreciation	(51,254)	(49,706)
Total	\$ 5,890	\$ 6,277

Property and equipment having a unit cost of \$500 or more and an estimated useful life of more than three years are capitalized at cost if purchased and at estimated fair value if donated. Depreciation is recognized on the straight-line method over estimated useful lives of three to seven years. Depreciation expense for the years ended June 30, 2017 and 2016 was \$1,549 and \$1,800, respectively.

(6) ASSETS HELD IN SPECIAL AWARDS TRUST FUND/LIABILITY FOR ASSETS HELD IN SPECIAL AWARDS TRUST FUND

UWFC has maintained a perpetual fund pursuant to a Memorandum of Understanding (MOU) dated January 2000 related to The Dr. Henry P. and M. Page Laughlin Special Awards Trust Fund for United Way of Frederick County. This fund was required to be held in a separate brokerage account. Under the agreement, funds for awards to beneficiaries were made available when the annual amount of increases in capital exceeded \$2,500 and no less than 60% of the annual investment return was reinvested in perpetuity. UWFC received an annual management fee of 0.1% of the market value of the fund as of June 30 of each year.

Distributions from the fund to UWFC were recognized as support when received. Contributions, earnings and other transactions within the trust were not recognized in the Statements of Activities and Changes in Net Assets as these changes were offset by the corresponding changes in a liability for assets held in special awards trust fund.

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(6) ASSETS HELD IN SPECIAL AWARDS TRUST FUND/LIABILITY FOR ASSETS HELD IN SPECIAL AWARDS TRUST FUND (continued)

In February 2017, there was an addendum to the MOU whereby the previous restrictions on the fund's use were released. At the time, the value of the fund was \$332,261, and this amount was recognized as a contribution for the year ended June 30, 2017. As a result, the liability for assets held in special awards trust fund has been relieved and the related asset (brokerage account) has been classified with marketable securities on the Statement of Financial Position as of June 30, 2017. UWFC's board designated \$299,167 of the fund balance for volunteer appreciation activities, allowing for annual withdrawals of the lesser of \$20,000 or the average annual growth of the fund for the most recent elapsed 5 years.

(7) ALLOCATIONS/DESIGNATIONS PAYABLE TO AGENCIES

The policy is to pay-out the allocations/designations based on actual amounts collected. For the year ended June 30, 2016, \$279,352 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$290,328, based on collections. An adjustment of \$7,123 is reflected in the Statements of Activities and Changes in Net Assets for the year ended June 30, 2017.

For the year ended June 30, 2015, \$304,961 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$290,328, based on collections. An adjustment of \$14,633 is reflected in the Statements of Activities and Changes in Net Assets for the year ended June 30, 2016.

Annually, an adjustment will be reflected in the Statements of Activities and Changes in Net Assets for payments based on collections.

(8) UNRESTRICTED NET ASSETS – BOARD DESIGNATED

Board designated net assets consisted of the following at June 30:

	2017	2016
Laughlin fund - volunteer appreciation	\$ 299,438	\$ -
Remsburg fund - leadership	62,776	78,156
Total	\$ 362,214	\$ 78,156

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(9) OTHER CAMPAIGNS

In addition to its own campaign, UWFC manages the campaigns of several other unrelated organizations. As fiscal agent, UWFC is the custodian of the funds and is responsible for the administration and disbursement of funds for which it receives a commissioned administrative fee.

Combined Charity Campaigns (CCC)

UWFC is the Principal Combined Fund Organization for the following Combined Charity Campaigns: Frederick County Government Employees, The City of Frederick Employees, and Board of Education of Frederick County Employees. Donations are collected by UWFC for the Combined Charity Campaigns and are deposited in separate cash accounts and distributed quarterly to participating agencies and UWFC.

The gross pledges and expenses of these other campaigns are not reflected in these financial statements. The only amounts included in the accompanying Statements of Activities and Changes in Net Assets related to these campaigns are UWFC's share of the pledges and the commissioned administrative fees.

The following amounts are included in the accompanying Statements of Financial Position:

Restricted cash – CCC – Represents undisbursed collections in CCC restricted bank accounts over which UWFC has control.

Allocations due from CCC – Represents UWFC's share of the CCC campaign pledges not yet paid to UWFC.

Due to CCC – Represents the portion of restricted cash that is payable to agencies other than UWFC.

(10) RETIREMENT PLAN

UWFC maintains a 403(b) Thrift Plan, classified as a defined contribution plan, for all employees meeting minimum age and service requirements. Employees can contribute any percentage of their salary provided that they do not contribute more than the maximum permitted by law. Each plan year, an employer based contribution equal to 10% of eligible employees' compensation will be made. The value of an employee's account attributable to employer contributions is fully vested after four years of service. The employer contribution for the years ended June 30, 2017 and 2016 was \$20,254 and \$15,272, respectively.

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(11) LEASE COMMITMENTS

UWFC has a five year lease for office space at the Bernard W. Brown Community Center beginning on January 1, 2014 and ending on December 31, 2019. The monthly lease payment is \$1,500 for the term of the lease. UWFC has the option to renew this lease for a term of one to three years prior to the expiration of the current term.

UWFC also leases office equipment. The postage machine lease requires quarterly payments of \$212 through December 2018. A copier lease effective July 2016 requires monthly payments of \$160 through June 2021.

Future minimum lease payments under these agreements are as follows for the years ended June 30:

2018	\$ 20,770
2019	20,344
2020	10,920
2021	1,920

Rent expense for the above leases for the years ended June 30, 2017 and 2016 totaled \$22,887 and \$18,850, respectively.

(12) INCOME TAXES

UWFC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended June 30, 2017 and 2016, UWFC has determined that no income tax is due for its activities. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. UWFC is not considered a private foundation.

UWFC has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. UWFC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on UWFC's financial condition, results of operations, or cash flows. Accordingly, UWFC has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2017 and 2016.

UWFC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. UWFC believes it is no longer subject to U.S. Federal, state, and local income tax examinations for years prior to 2013.

United Way of Frederick County, Incorporated
Notes to Financial Statements
June 30, 2017 and 2016

(13) CONCENTRATIONS

Credit Risk

Cash held by UWFC in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes UWFC is not exposed to any significant credit risk related to cash.

Sources of Revenue

UWFC received approximately 21% of its 2016 campaign support from one local business. Pledges receivable from this entity for the year ended June 30, 2017 was \$97,256.

UWFC received approximately 21% of its 2015 campaign support from one local business. Pledges receivable from this entity for the year ended June 30, 2016 was \$108,645.

(14) SUBSEQUENT EVENTS

In preparing these financial statements, UWFC has evaluated events and transactions for potential recognitions or disclosure through September 27, 2017, the date the financial were available to be issued. There were no subsequent events to report.

SUPPLEMENTARY INFORMATION

United Way of Frederick County, Incorporated
Schedules of Community Impact Partners Designations Payable
For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>
Boys & Girls Club of Frederick County	\$ 1,310	\$ 3,388
Frederick Rescue Mission, Inc.	8,952	7,792
Gale Recovery, Inc.	1,838	2,144
Goodwill Industries of Monocacy Valley, Inc.	559	1,250
Heartly House, Inc.	62,566	64,722
Housing Authority of the City of Frederick	340	960
Interfaith Housing Alliance, Inc.	309	340
Mental Health Association of Frederick County	9,123	7,126
YMCA of Frederick County	747	4,445
	<u>\$ 85,744</u>	<u>\$ 92,167</u>

The accompanying notes are an integral part of these schedules.

United Way of Frederick County, Incorporated
Schedule of Community Impact Grants
For the Year Ended June 30, 2017

Community Impact Grants:	
Boys & Girls Club of Frederick County	\$ 36,000
Frederick Rescue Mission, Inc.	20,000
Gale Recovery, Inc.	33,638
Goodwill Industries of Monocacy Valley, Inc.	9,000
Heartly House, Inc.	20,000
Housing Authority of the City of Frederick	20,000
Interfaith Housing Alliance, Inc.	15,000
Mental Health Association of Frederick County	30,000
YMCA of Frederick County	15,000
Total Community Impact Grants	<u>198,638</u>
 Live United Grants:	
Asian American Center of Frederick	\$ 2,500
Blessings in a Backpack	1,675
Boys & Girls Club of Frederick County	2,000
Catoctin Community Medical Fund (CCMF)	2,600
Federated Charities, Inc.	2,880
Frederick Rescue Mission, Inc.	1,000
Habitat for Humanity - Frederick	900
Literacy Council of Frederick County	3,000
Mental Health Association of Frederick County	1,120
Mission of Mercy-Frederick	825
Partners in Care Frederick	2,500
Religious Coalition for Emergency Human Needs	5,000
The Frederick Children Chorus	500
Gale Recovery, Inc.	1,370
Total Live United Grants	<u>27,870</u>
 Total Grants	 <u><u>\$ 226,508</u></u>

The accompanying notes are an integral part of this schedule.