UNITED WAY OF MAHASKA COUNTY

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS

DECEMBER 31, 2017

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United Way of Mahaska County

Board of Directors 2017

| Name | Title | Term |
|---|---|---|
| Karla Christensen | President | Jan 2015 – Dec 2017 |
| Steve Burnett | Vice - President | Jan 2016 – Dec 2019 |
| Kerra Strong | Secretary | Jan 2012 – Dec 2017 |
| Dustin Hite | Treasurer | Jan 2012 – Dec 2017 |
| Diane Ottosson | Past President | Jan 2015 – Dec 2017 |
| Dan Adams | Board Member | Jan 2016 – Dec 2018 |
| Kristin Anderson | Board Member | Jan 2017 – Dec 2019 |
| Larry Anderson | Board Member | Jan 2016 – Dec 2018 |
| Robb Beane | Board Member | Jan 2013 – Dec 2018 |
| Emily Jorgensen | Board Member | Jan 2017 – Dec 2019 |
| Amy Simmons | Board Member | Oct 2016 – Dec 2018 |
| Jennifer Snyder | Board Member | Jan 2017 – Dec 2019 |
| Val Tews | Board Member | Jan 2016 – Dec 2019 |
| Malea Trainer | Board Member | Jan 2017 – Dec 2017 |

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DONALD D. KAIN
CHUCK C. CONVERSE, CPA
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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Mahaska County

We have audited the accompanying financial statements of United Way of Mahaska County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 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 Mahaska County as of December 31, 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.

Hunt + Associates, P.C.

Oskaloosa, Iowa
May 3, 2018

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF FINANCIAL POSITION
December 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 122,709 | $ 159,760 |
| Investments (Note 2) | 71,016 | 70,944 |
| Prepaid expenses | 6,268 | 12,830 |
| Accounts receivable | - | 1,000 |
| Interest receivable | 60 | 48 |
| Unconditional promises to give, less allowance for uncollectible promises of $7,400 (Note 3) | 293,755 | 230,647 |
| Inventory | 1,320 | 344 |
| Total current assets | 495,128 | 475,573 |
| Property and equipment: | | |
| Equipment | 12,025 | 12,025 |
| Less accumulated depreciation | 12,025 | 12,025 |
| | - | - |
| Total assets | $ 495,128 | $ 475,573 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | $ 3,916 | $ 1,757 |
| Designated gifts payable (Note 4) | 3,086 | 7,454 |
| Accrued expenses: | | |
| Sales tax | - | 156 |
| Payroll taxes and withholdings | 3,116 | 2,969 |
| Wages | 3,801 | 3,422 |
| Due to other United Way agencies | 240 | 312 |
| Total current liabilities | 14,159 | 16,070 |

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF FINANCIAL POSITION
December 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| LIABILITIES AND NET ASSETS (continued) | | |
| Net assets: | | |
| Unrestricted: | | |
| Designated for reserve (Note 5) | $ 71,016 | $ 70,944 |
| Designated for operations (Note 5) | 115,969 | 155,678 |
| Total unrestricted net assets | 186,985 | 226,622 |
| Temporarily restricted net assets (Note 6) | 293,984 | 232,881 |
| Total net assets | 480,969 | 459,503 |
| Total liabilities and net assets | $ 495,128 | $ 475,573 |

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF ACTIVITIES
Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| PUBLIC SUPPORT AND REVENUES: | | |
| Gross campaign results | $ 336,358 | $ 316,166 |
| Less donor designations | (6,301) | (10,869) |
| Campaign revenues before uncollectible promises | 330,057 | 305,297 |
| Less uncollectible promises | (5,013) | (4,818) |
| Net campaign results | 325,044 | 300,479 |
| In-kind donations | 31,921 | 43,582 |
| Other contributions | 26,870 | 8,839 |
| Federal financial assistance | 27,147 | 27,239 |
| Program entry fees | 3,924 | 1,785 |
| Interest | 305 | 319 |
| Miscellaneous | 649 | 259 |
| Total public support and revenues | 415,860 | 382,502 |
| OPERATING EXPENSES: | | |
| Program Services: | | |
| Gross annually funded programs | 190,869 | 221,019 |
| Less donor designations | (10,869) | (27,019) |
| Net annually funded programs | 180,000 | 194,000 |
| Special grants | 14,039 | 1,500 |
| United Way initiatives | 85,929 | 104,622 |
| Community impact efforts | 12,173 | 13,215 |
| Total program services | 292,141 | 313,337 |

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF ACTIVITIES
Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| OPERATING EXPENSES (continued): | | |
| Supporting Services: | | |
| Salaries and payroll taxes | $ 30,674 | $ 32,089 |
| Campaign | 14,076 | 33,675 |
| Marketing/outreach | 30,376 | 19,437 |
| Professional development | 3,020 | 1,683 |
| Insurance | 2,097 | 2,256 |
| Accounting fees | 6,250 | 6,000 |
| Office equipment | 117 | - |
| Supplies | 2,480 | 2,391 |
| Rent-in-kind | 5,040 | 5,040 |
| United Way Worldwide dues | 3,859 | 3,887 |
| United Way of Iowa dues | 432 | 479 |
| Miscellaneous | 3,832 | 4,193 |
| Total supporting services | 102,253 | 111,130 |
| Total operating expenses | 394,394 | 424,467 |
| Change in net assets | 21,466 | (41,965) |
| Net assets beginning of year | 459,503 | 501,468 |
| Net assets end of year | $ 480,969 | $ 459,503 |

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF CASH FLOWS
Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ 21,466 | $ (41,965) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Decrease in prepaid expenses | 6,562 | 1,962 |
| (Increase) decrease in accounts receivable | 1,000 | (873) |
| (Increase) in interest receivable | (12) | (4) |
| (Increase) decrease in unconditional promises to give | (63,108) | 31,950 |
| (Increase) decrease in inventory | (976) | 3,636 |
| Increase in accounts payable | 2,159 | 636 |
| (Decrease) in designated gifts payable | (4,368) | (16,069) |
| Increase (decrease) in accrued expenses | 298 | (1,995) |
| Net cash used by operating activities | (36,979) | (22,722) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of certificate of deposit | (72) | (65) |
| Net decrease in cash and cash equivalents | (37,051) | (22,787) |
| Cash and cash equivalents beginning of year | 159,760 | 182,547 |
| Cash and cash equivalents end of year | $ 122,709 | $ 159,760 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES | | |
| Receipt of in-kind donations and federal commodities and the related expenses | $ 32,988 | $ 43,582 |

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The United Way of Mahaska County (UWMC) is a centralized fundraising organization serving the Mahaska County area, whose mission is "empowering our community by promoting education, encouraging healthy living, and strengthening financial stability," and whose vision is "improve lives for a better tomorrow". UWMC was founded on February 20, 1963. UWMC directs campaign contributions to a wide variety of charitable organizations within Mahaska County based on criteria set out by the directing board. A Board of Directors oversees activities, allocations, and all other organizational functions of UWMC. This Board consisted of fourteen volunteer members during the year ended December 31, 2017, including five members of the Executive Committee which oversees daily functions and hires and approves employees. The Board decides yearly allocations to various agencies within Mahaska County based on applications completed by those agencies, using guidelines set out by the Board. UWMC's support comes primarily from individual and corporate donors' contributions.

United Way of Mahaska County is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. UWMC annually files a Form 990 Return of an Organization Exempt from Income Tax with the Internal Revenue Service. UWMC biennially files a Biennial Report with the Office of the Iowa Secretary of State.

Public Support and Revenue

Annual campaign contributions are generally available for undesignated use in the related campaign year unless specifically designated by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. The majority of the promises to give are received from a broad base of Mahaska County contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises to give at year end, which is based on a historical average.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

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

Cash and Cash Equivalents

United Way of Mahaska County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Note 1. Summary of Significant Accounting Policies (continued)

Investments

Investments are composed of time certificates of deposit carried at cost.

Furniture and Equipment

Furniture and equipment are capitalized at cost. United Way of Mahaska County capitalizes expenses for these items in excess of $1,000. Lesser amounts are expensed in the current period. Furniture and equipment are being depreciated over estimated useful lives of three to seven years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

In-kind Donations

In-kind donations are recognized at their fair values on the date received.

Note 2. Investments

The following methods and assumptions were used by United Way of Mahaska County to estimate the fair value disclosures for financial instruments:

Investments: The fair values of investments are based on quoted market prices for those similar investments or are stated at cost for time certificates of deposit.

Investments are summarized as follows:

| | 2017 | 2016 |
|---|---|---|
| Time Certificates of Deposit | $ 71,016 | $ 70,944 |

Note 3. Unconditional Promises to Give

Unconditional promises to give are as follows:

| | 2017 | 2016 |
|---|---|---|
| Receivable in less than one year | $ 301,155 | $ 238,047 |
| Less allowance for uncollectible promises | 7,400 | 7,400 |
| Net unconditional promises to give | $ 293,755 | $ 230,647 |

Note 4. Designated Gifts Payable

Designated gifts payable represent pledges for the year that were designated to specific agencies by the donors at the time of the pledge. Designated gifts payable totaled $3,086 and $7,454 at December 31, 2017 and 2016, respectively.

Note 5. Designation of Net Assets

The Board of Directors for United Way of Mahaska County has designated net assets for the purpose of a reserve fund to accommodate any unforeseen emergency situations, interruptions of cash flows, or other financial reversals. The policy reserves an amount equal to or greater than 25% of current agency allocations. The 2017 designation of net assets of $71,016 represents 39.5% of the 2017 agency allocation total of $180,000, which complies with the Organization's policy. The 2016 designation of net assets of $70,944 represents 36.6% of the 2016 agency allocation total of $194,000, which complies with the Organization's policy.

The amount shown as designated for operations of $115,969 for 2017 represents the maximum amount available to be designated of the amount approved by the Board for operating expenses in the 2018 budget.

The amount shown as designated for operations of $155,678 for 2016 represents the maximum amount available to be designated of the amount approved by the Board for operating expenses in the 2017 budget.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following periods:

| | | |
|---|---|---|
| Pledges receivable for years after December 31, 2016 | $ | 230,647 |
| Less: Designated gifts payable | | (7,454) |
| Due to other United Way Agencies | | (312) |
| | | 222,881 |
| Prepaid reading grant for years after December 31, 2016 | | 10,000 |
| Net assets temporarily restricted for years after December 31, 2016 | $ | 232,881 |
| Pledges receivable for years after December 31, 2017 | $ | 293,755 |
| Less: Designated gifts payable | | (3,086) |
| Due to other United Way Agencies | | (240) |
| | | 290,429 |
| Prepaid reading grant for years after December 31, 2017 | | 3,555 |
| Net assets temporarily restricted for years after December 31, 2017 | $ | 293,984 |

Note 7. Donated Services

United Way of Mahaska County receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Note 8. Risk Management

Any off balance sheet risks would be those common to a fundraising organization. United Way of Mahaska County purchases commercial insurance to cover these risks as well as employee dishonesty.

The total funds held by depository institutions as of December 31, 2017 were adequately covered by the Federal Deposit Insurance Corporation maximum coverage limit of $250,000.

Note 9. Subsequent Events

United Way of Mahaska County's management has evaluated subsequent events through May 3, 2018, the date the financial statements were available to be issued.

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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

Board of Directors
United Way of Mahaska County
Oskaloosa, Iowa

In planning and performing our audit of the financial statements of United Way of Mahaska County for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered United Way of Mahaska County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We noted no matters involving the internal control that we consider to be material weaknesses.

Our consideration of internal control over financial reporting was for the limited purpose above and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Hunt + Associates, P.C.

Oskaloosa, Iowa
May 3, 2018