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**United Way of Frederick County,  
Incorporated**

**Financial Statements, Supplementary  
Information and  
Independent Auditors' Report**

**June 30, 2018 and 2017**

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**LSWG**  
Linton Shafer Warfield & Garrett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS



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

## **Independent Auditors' Report**

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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 grants 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 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  
November 8, 2018

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

**Assets**

	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,683	\$ 60,270
Restricted cash - CCC	13,606	13,512
Restricted cash - IDA	280,784	322,922
Marketable securities	743,468	1,028,436
Pledges receivable, net of allowance for uncollectible pledges	294,643	242,029
Allocations due from CCC	71,970	48,924
Other receivables	162	1,933
Prepaid expenses	13,829	26,782
<b>Total Current Assets</b>	<b>1,420,145</b>	<b>1,744,808</b>
 Property and Equipment - net	 4,341	 5,890
 <b>Other Assets</b>		
Timeshare interest	3,500	3,500
<b>Total Other Assets</b>	<b>3,500</b>	<b>3,500</b>
 <b>Total Assets</b>	 <b>\$ 1,427,986</b>	 <b>\$ 1,754,198</b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 107,045	\$ 31,982
Allocations/designations payable:		
Agencies and other organizations	154,182	175,463
Community Impact Partners	32,794	85,744
Other United Way agencies	16,977	2,853
Due to CCC	13,606	13,512
Deferred revenue	175,887	212,678
<b>Total Current Liabilities</b>	<b>500,491</b>	<b>522,232</b>
 <b>Net Assets</b>		
Unrestricted	428,475	869,752
Unrestricted - board designated	375,670	362,214
Temporarily restricted	123,350	-
<b>Total Net Assets</b>	<b>927,495</b>	<b>1,231,966</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 1,427,986</b>	 <b>\$ 1,754,198</b>

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, 2018**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Current Year Campaigns and Public Support:			
Workplace campaigns pledges and contributions	\$ 445,219	\$ -	\$ 445,219
Less estimated uncollectible pledges	(26,713)	-	(26,713)
Unity campaign contributions	447,074	-	447,074
Share of CCC allocations	71,970	-	71,970
Donor designations to agencies, including Unity Campaign	(595,274)	-	(595,274)
Individual and corporate donors	148,217	123,350	271,567
Bequests	35,400	-	35,400
In-kind contributions	197,465	-	197,465
Net Contributions	723,358	123,350	846,708
Prior Year Campaigns and Public Support:			
Workplace campaign pledges and contributions	24,452	-	24,452
Grants	144,799	-	144,799
Total Support	892,609	123,350	1,015,959
Revenue:			
Interest and dividend income	28,693	-	28,693
Realized/unrealized gain on investments	53,850	-	53,850
Special events, net	(16,595)	-	(16,595)
Other income	26,420	-	26,420
Total Revenue	92,368	-	92,368
<b>Total Support and Revenue</b>	<b>984,977</b>	<b>123,350</b>	<b>1,108,327</b>
<b>ALLOCATIONS AND EXPENSES</b>			
Community impact activities and allocation	380,077	-	380,077
Unallocated payments to affiliated organization:			
Membership - United Way Worldwide	9,011	-	9,011
Functional Expenses:			
Program services	718,721	-	718,721
Fundraising	169,403	-	169,403
Management and general	135,586	-	135,586
Total Functional expenses	1,023,710	-	1,023,710
<b>Total Allocations and Expenses</b>	<b>1,412,798</b>	<b>-</b>	<b>1,412,798</b>
<b>Change in Net Assets</b>	<b>(427,821)</b>	<b>123,350</b>	<b>(304,471)</b>
Net Assets, beginning of year	1,231,966	-	1,231,966
<b>Net Assets, end of year</b>	<b>\$ 804,145</b>	<b>\$ 123,350</b>	<b>\$ 927,495</b>

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

**United Way of Frederick County, Incorporated**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Current Year Campaigns and Public Support:			
Workplace campaigns pledges and contributions	\$ 593,639	\$ -	\$ 593,639
Less estimated uncollectible pledges	(53,434)	-	(53,434)
Share of CCC allocations	37,904	-	37,904
Donor designations to agencies	(264,059)	-	(264,059)
Individual and corporate donors	404,655	-	404,655
Bequests	100,000	-	100,000
In-kind contributions	175,409	-	175,409
Net Contributions	994,114	-	994,114
Prior Year Campaigns and Public Support:			
Workplace campaign pledges and contributions	78,657	-	78,657
Workplace campaign designations uncollected	7,123	-	7,123
Grants	147,887	-	147,887
Total Support	1,227,781	-	1,227,781
Revenue:			
Interest and dividend income	19,365	-	19,365
Net administrative fees - designations and campaigns	9,047	-	9,047
Realized/unrealized gain on investments	60,109	-	60,109
Special events, net	6,842	-	6,842
Other income	39,585	-	39,585
Total Revenue	134,948	-	134,948
<b>Total Support and Revenue</b>	<b>1,362,729</b>	<b>-</b>	<b>1,362,729</b>
<b>ALLOCATIONS AND EXPENSES</b>			
Community impact activities and allocation	271,644	-	271,644
Unallocated payments to affiliated organization:			
Membership - United Way Worldwide	11,942	-	11,942
Functional Expenses:			
Program services	495,638	-	495,638
Fundraising	130,718	-	130,718
Management and general	205,336	-	205,336
Total Functional expenses	831,692	-	831,692
<b>Total Allocations and Expenses</b>	<b>1,115,278</b>	<b>-</b>	<b>1,115,278</b>
<b>Change in Net Assets</b>	247,451	-	247,451
Net Assets, beginning of year	984,515	-	984,515
<b>Net Assets, end of year</b>	<b>\$ 1,231,966</b>	<b>\$ -</b>	<b>\$ 1,231,966</b>

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, 2018**

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Salaries	\$ 279,056	\$ 91,186	\$ 87,978	\$ 458,220
Employee benefits	33,930	11,087	10,697	55,714
Retirement plan contribution	20,228	6,610	6,377	33,215
Payroll taxes	20,900	6,829	6,590	34,319
Total salaries and benefits	354,114	115,712	111,642	581,468
Resource development - campaign	-	28,873	-	28,873
Unity campaign	46,059	-	-	46,059
Rent	10,962	3,582	3,456	18,000
Telephone	5,563	1,818	1,753	9,134
Professional fees	21,382	6,987	6,741	35,110
Bank service charge & fees	5,478	1,790	1,727	8,995
Office supplies	3,242	1,059	1,022	5,323
Computer expenses	4,889	1,598	1,541	8,028
Postage	1,063	348	335	1,746
Equipment rent & maintenance	6,422	2,098	2,025	10,545
Intern stipend / Americorp	6,332	2,069	1,997	10,398
Travel, meals, meetings & training	2,928	957	923	4,808
Membership dues - other	2,041	667	644	3,352
Insurance	4,703	1,537	1,483	7,723
Prosperity expenses	42,869	-	-	42,869
In-kind expenses	197,465	-	-	197,465
Bad debt	2,265	-	-	2,265
Total expenses before depreciation	717,777	169,095	135,289	1,022,161
Depreciation	944	308	297	1,549
<b>Total functional expenses</b>	<b>\$ 718,721</b>	<b>\$ 169,403</b>	<b>\$ 135,586</b>	<b>\$ 1,023,710</b>

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, 2017**

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
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
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 expenses	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
<b>Total functional expenses</b>	<b>\$ 495,638</b>	<b>\$ 130,718</b>	<b>\$ 205,336</b>	<b>\$ 831,692</b>

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,**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (304,471)	\$ 247,451
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	1,549	1,549
Provision for uncollectible pledges	(26,721)	(34,729)
Realized/unrealized (gain) on investments	(53,850)	(60,109)
Special Awards Trust Fund release	-	(332,261)
Change in operating assets and liabilities		
Pledges receivable	(25,893)	21,386
Allocations due from CCC	(23,046)	(6,338)
Other receivables	1,771	4,156
Prepaid expenses	12,953	(18,923)
Accounts payable and accrued expenses	75,063	12,110
Allocations/designations payable	(60,107)	(15,292)
Deferred revenue	(36,791)	33,824
Net cash (used in) operating activities	<u>(439,543)</u>	<u>(147,176)</u>
<b>Cash flows from investing activities:</b>		
Investment in marketable securities	338,818	51,766
Purchase of equipment	-	(1,162)
Net cash provided by investing activities	<u>338,818</u>	<u>50,604</u>
Net (decrease) in cash and cash equivalents	(100,725)	(96,572)
Cash and cash equivalents, beginning of year	<u>383,192</u>	<u>479,764</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 282,467</u></u>	<u><u>\$ 383,192</u></u>
 <b>Supplemental Disclosure:</b>		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash paid for income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**(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. Contributions whose restrictions are satisfied in the same year as contributed are reported as unrestricted contributions.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**(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, 2018 or 2017.

**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 28 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, 2018 and 2017, donated services and materials that advanced many of UWFC's programs totaled \$197,465 and \$175,409, respectively, of which approximately \$36,112 and \$34,249, 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, 2018 and 2017**

**(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 \$7,857 and \$2,968 for the years ended June 30, 2018 and 2017, 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 2017 and 2016 campaigns consists of the following as of June 30:

	<b>2017</b>	<b>2016</b>
Pledges receivable	\$ 321,356	\$ 295,463
Less: allowance for uncollectible pledges	(26,713)	(53,434)
Pledges receivable, net	<b>\$ 294,643</b>	<b>\$ 242,029</b>

Allowance is calculated as 6% and 9%, respectively of the prior years annual campaign pledges and contributions. 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, 2018 and 2017**

**(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, 2018 and 2017**

**(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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & equivalents	\$ 28,546	\$ -	\$ -	\$ 28,546
Fixed income securities	225,016	-	-	225,016
Equities	<u>489,906</u>	<u>-</u>	<u>-</u>	<u>489,906</u>
Total marketable securities	743,468	-	-	743,468
Pledges receivable, net	<u>-</u>	<u>-</u>	<u>294,643</u>	<u>294,643</u>
Total	<u><b>\$ 743,468</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 294,643</b></u>	<u><b>\$1,038,111</b></u>

The following table sets 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>-</u>	<u>-</u>	<u>242,029</u>	<u>242,029</u>
Total	<u><b>\$1,028,436</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 242,029</b></u>	<u><b>\$1,270,465</b></u>

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

	<u>2018</u>	<u>2017</u>
	<u>Pledges - Net</u>	<u>Pledges - Net</u>
Balance - beginning of year	\$ 242,029	\$ 228,686
Contributions:		
Pledge payments	(365,892)	(526,862)
New pledges	445,219	593,639
Allowance account	<u>(26,713)</u>	<u>(53,434)</u>
Balance - end of year	<u><b>\$ 294,643</b></u>	<u><b>\$ 242,029</b></u>

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**(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, 2018 and 2017 are \$28,693 and \$19,365, respectively, of interest and dividend income and \$53,850 and \$60,109, 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:

	2018	2017
Office equipment	\$ 57,144	\$ 57,144
Less: accumulated depreciation	(52,803)	(51,254)
Total	\$ 4,341	\$ 5,890

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, 2018 and 2017 was \$1,549.

**(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.

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**(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 2017 Campaign, \$264,060 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$264,060, based on collections. An adjustment of \$0 is reflected in the Statements of Activities and Changes in Net Assets for the year ended June 30, 2018.

For the 2016 Campaign, \$279,352 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$286,475, 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.

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:

	<u>2018</u>	<u>2017</u>
Laughlin fund - volunteer appreciation	\$ 305,777	\$ 299,438
Remsburg fund - leadership	55,443	62,776
Frederick County - home buyers program	<u>14,450</u>	<u>-</u>
Total	<u>\$ 375,670</u>	<u>\$ 362,214</u>



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**(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, 2018 and 2017 was \$33,215 and \$20,254, respectively.

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**(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 May 2022. 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:

2019	\$ 20,770
2020	11,770
2021	2,770
2022	708
2023	-

Rent expense for the above leases for the years ended June 30, 2018 and 2017 totaled \$21,316 and \$20,887, 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, 2018 and 2017, 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, 2018 and 2017.

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 2014.

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**(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 11% of its 2017 campaign support from one local business. Pledges receivable from this entity for the year ended June 30, 2018 was \$0.

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.

**(14) TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes at June 30, 2018:

Laughlin Family Foundation designations	\$ 120,900
ALICE report	1,450
Board contributions for next fiscal year	<u>1,000</u>
Total	<u><b>\$ 123,350</b></u>

There were no temporarily restricted net assets at June 30, 2017.

**(15) SUBSEQUENT EVENTS**

In preparing these financial statements, UWFC has evaluated events and transactions for potential recognition or disclosure through November 8, 2018, 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 Grants**  
**For the Years Ended June 30,**

	<b>2018</b>
<b>Community Impact Grants:</b>	
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
<b>Total Community Impact Grants</b>	<b>198,638</b>
 <b>Live United Grants:</b>	
Advocates for Homeless Families, Inc.	5,000
Asian American Center of Frederick	5,000
FMH Monocacy Health Partners, LLC	5,000
Frederick County Public Libraries	7,500
Girls on the Run of Mid & Western Maryland	5,000
Hood College	850
Housing Authority of City of Frederick	5,000
Partners in Care Frederick	10,000
Religious Coalition for Emergency Human Needs	7,500
Spanish Speaking Community of Maryland	4,150
<b>Total Live United Grants</b>	<b>55,000</b>
 <b>Total Grants</b>	 <b>\$ 253,638</b>

See independent auditors' report.

