

**UNITED WAY OF DENTON COUNTY, INC.**

ANNUAL FINANCIAL REPORT

YEAR ENDED MARCH 31, 2017

**UNITED WAY OF DENTON COUNTY, INC.**  
ANNUAL FINANCIAL REPORT  
March 31, 2017 and 2016

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**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditors' Report**

To The Board of Directors  
United Way of Denton County, Inc.  
Denton, Texas

We have audited the accompanying financial statements of United Way of Denton County, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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 Denton County, Inc. as of March 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.

Hankins, Eastup, Deaton, Tonn & Seay, P.C.  
Denton, Texas

June 2, 2017

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 1,065,144	\$ 1,317,072
Investments	131,441	213,192
Pledges receivable, net - Note 2	1,043,335	1,138,474
Accounts receivable - other	9,436	16,863
Prepaid expenses	24,897	22,428
Total Current Assets	<u>2,274,253</u>	<u>2,708,029</u>
Property and Equipment - Note 3:		
Land	152,931	-
Construction in progress	93,252	-
Office equipment and furniture	273,844	218,638
Less accumulated depreciation	<u>(179,069)</u>	<u>(134,985)</u>
Net Property and Equipment	<u>340,958</u>	<u>83,653</u>
Total Assets	<u>\$ 2,615,211</u>	<u>\$ 2,791,682</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	29,679	33,503
Designated funds payable - Note 5	<u>221,903</u>	<u>270,805</u>
Total Current Liabilities	<u>251,582</u>	<u>304,308</u>
Other Liabilities:		
Real estate obligation payable	<u>150,000</u>	<u>-</u>
Net Assets:		
Unrestricted	1,101,236	1,300,480
Temporarily restricted - Note 8	<u>1,112,393</u>	<u>1,186,894</u>
Total Net Assets	<u>2,213,629</u>	<u>2,487,374</u>
Total Liabilities and Net Assets	<u>\$ 2,615,211</u>	<u>\$ 2,791,682</u>

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

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017		Total
	Unrestricted	Temporarily Restricted	
Public Support and Revenue:			
Campaign Results:			
Gross campaign results	\$ 772,843	\$ 1,112,393	\$ 1,885,236
Gross campaign results in prior year released from restriction	1,138,474	(1,138,474)	-
Total Campaign Results	1,911,317	(26,081)	1,885,236
Less provision for uncollectible amounts	(185,059)	-	(185,059)
Net Campaign Revenue	1,726,258	(26,081)	1,700,177
Other Revenue:			
Special events	76,254		76,254
Other contributions and grants	237,742	30,000	267,742
Other contributions released from restrictions	78,420	(78,420)	-
Service fees	43,499		43,499
Interest income	3,239		3,239
Total Other Revenue	439,154	(48,420)	390,734
Total Public Support and Revenue	2,165,412	(74,501)	2,090,911
Expenses:			
Program Services:			
Funds awarded/distributed	1,096,446	-	1,096,446
Community capacity building	549,855	-	549,855
Community education	78,252	-	78,252
I&R research	23,348	-	23,348
VITA	126,323	-	126,323
Project blueprint	21,724	-	21,724
Total Program Services	1,895,948	-	1,895,948
Supporting Services:			
Organizational administration	119,972	-	119,972
Campaign	348,736	-	348,736
Total Supporting Services	468,708	-	468,708
Total expenses	2,364,656	-	2,364,656
Change in Net Assets	(199,244)	(74,501)	(273,745)
Net Assets, Beginning of Year	1,300,480	1,186,894	2,487,374
Net Assets, End of Year	\$ 1,101,236	\$ 1,112,393	\$ 2,213,629

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

2016		
Unrestricted	Temporarily Restricted	Total
\$ 848,413	\$ 1,138,474	\$ 1,986,887
1,042,064	(1,042,064)	-
<u>1,890,477</u>	<u>96,410</u>	<u>1,986,887</u>
(104,656)	-	(104,656)
<u>1,785,821</u>	<u>96,410</u>	<u>1,882,231</u>
43,867		43,867
120,619	51,000	171,619
76,202	(76,202)	-
43,178		43,178
2,920		2,920
<u>286,786</u>	<u>(25,202)</u>	<u>261,584</u>
<u>2,072,607</u>	<u>71,208</u>	<u>2,143,815</u>
1,071,506	-	1,071,506
388,058	-	388,058
88,513	-	88,513
21,608	-	21,608
106,450	-	106,450
21,418	-	21,418
<u>1,697,553</u>	<u>-</u>	<u>1,697,553</u>
100,635	-	100,635
212,137	-	212,137
<u>312,772</u>	<u>-</u>	<u>312,772</u>
<u>2,010,325</u>	<u>-</u>	<u>2,010,325</u>
62,282	71,208	133,490
1,238,198	1,115,686	2,353,884
<u>\$ 1,300,480</u>	<u>\$ 1,186,894</u>	<u>\$ 2,487,374</u>

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF CASH FLOWS  
MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (273,745)	\$ 133,490
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	44,084	31,521
(Increase) decrease in pledges receivable	95,139	(96,410)
(Increase) decrease in accounts receivable - other	7,427	(11,043)
(Increase) decrease in prepaid expenses	(2,469)	(14,719)
Increase (decrease) in accounts payable	(3,824)	9,286
Increase (decrease) in designated funds payable	<u>(48,902)</u>	<u>(20,900)</u>
Net Cash Provided by Operating Activities	<u>(182,290)</u>	<u>31,225</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(301,389)	(33,294)
(Increase) decrease in investments	<u>81,751</u>	<u>(1,214)</u>
Net Cash Used by Investing Activities	<u>(219,638)</u>	<u>(34,508)</u>
Cash Flows from Financing Activities:		
Increase in Real estate obligation payable	<u>150,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(251,928)	(3,283)
Cash and Cash Equivalents, Beginning of Year	<u>1,317,072</u>	<u>1,320,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,065,144</u>	<u>\$ 1,317,072</u>
Supplemental Data:		
Noncash Operating Activities:		
In-Kind Donations	<u>\$ 3,069</u>	<u>\$ 4,200</u>

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



**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended March 31, 2017 and 2016

	2017											
	Program Services						Support Services					
	Allocation Services	Community Capacity Building	Community Education	I&R Research	VITA	Project Blueprint	Total Program Services	Organizational Administration	Campaign	Total Support Services	Total	
Allocations and Awards	\$ 1,027,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,027,100	\$ -	\$ -	\$ -	\$ 1,027,100	\$ 1,027,100
Total Allocations and Awards	1,027,100	-	-	-	-	-	1,027,100	-	-	-	1,027,100	1,027,100
Salaries and wages	27,248	304,448	36,845	6,000	80,136	11,142	465,819	63,594	117,396	180,990	646,809	
Payroll taxes	2,090	22,863	2,813	460	6,041	861	35,128	4,800	8,835	13,635	48,763	
Employee benefits	2,472	47,178	7,888	1,336	8,186	893	67,953	11,070	23,137	34,207	102,160	
Total payroll expenses	31,810	374,489	47,546	7,796	94,363	12,896	568,900	79,464	149,368	228,832	797,732	
Contract services	1,570	5,338	-	785	2,355	157	10,205	2,355	125,140	127,495	137,700	
Supplies	991	30,932	3,711	303	3,933	3,988	43,858	4,205	8,976	13,181	57,039	
Postage and shipping	355	805	754	235	426	104	2,679	1,080	3,842	4,922	7,601	
Telephone and networks	683	5,802	2,032	384	960	396	10,257	1,290	2,439	3,729	13,986	
Occupancy	5,791	51,840	2,804	4,520	7,164	851	72,970	9,039	8,385	17,424	90,394	
Equipment rental and maintenance	2,635	40,871	2,595	1,168	3,445	120	50,834	3,830	4,054	7,884	58,718	
Printing	1,349	7,700	3,527	5,795	4,088	347	22,806	1,386	18,485	19,871	42,677	
Travel	138	8,027	4,126	-	4,984	-	17,275	1,713	2,972	4,685	21,960	
Conferences and meetings	29	2,392	1,356	19	86	19	3,901	545	5,352	5,897	9,798	
Insurance	254	1,385	390	215	197	191	2,632	1,216	1,435	2,651	5,283	
Awards	-	481	-	-	176	648	1,305	-	1,488	1,488	2,793	
Dues	319	1,659	3,393	307	754	127	6,559	716	925	1,641	8,200	
Other	-	170	60	-	249	59	538	5,908	2,152	8,060	8,598	
Special events	-	913	450	-	-	-	1,363	-	-	-	1,363	
In-kind expenses	-	-	-	-	-	-	-	-	3,069	3,069	3,069	
United Way Worldwide dues	1,141	5,391	2,229	1,141	1,141	1,141	12,184	4,303	5,287	9,590	21,774	
United Way of Texas dues	239	1,080	1,075	239	239	239	3,111	718	958	1,676	4,787	
Total Expenses	47,304	539,275	76,048	22,907	124,560	21,283	831,377	117,768	344,327	462,095	1,293,472	
Before Depreciation												
Depreciation of Property and Equipment	22,042	10,580	2,204	441	1,763	441	37,471	2,204	4,409	6,613	44,084	
Total Expenses	\$ 1,096,446	\$ 549,855	\$ 78,252	\$ 23,348	\$ 126,323	\$ 21,724	\$ 1,895,948	\$ 119,972	\$ 348,736	\$ 468,708	\$ 2,364,656	

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

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended March 31, 2017 and 2016

2016

	Program Services										Support Services			Total
	Allocation Services	Community Capacity Building	Community Education	I&R Research	VITA	Project Blueprint	Total Program Services	Organizational Administration	Campaign	Support Services	Total			
Allocations and Awards	\$ 1,004,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,004,456	\$ -	\$ -	\$ -	\$ 1,004,456	\$ -	\$ -	\$ 1,004,456
Total Allocations and Awards	1,004,456	-	-	-	-	-	1,004,456	-	-	-	1,004,456	-	-	1,004,456
Salaries and wages	26,603	206,991	39,924	9,748	62,339	11,097	356,702	53,600	117,059	170,659	527,361			
Payroll taxes	2,006	14,993	2,975	721	4,848	842	26,385	3,963	8,622	12,585	38,970			
Employee benefits	3,708	29,268	8,095	1,127	7,450	1,448	51,096	10,115	22,070	32,185	83,281			
Total payroll expenses	32,317	251,252	50,994	11,596	74,637	13,387	434,183	67,678	147,751	215,429	649,612			
Contract services	1,570	5,338	-	785	2,355	157	10,205	2,355	8,140	10,495	20,700			
Supplies	2,166	36,552	3,139	591	4,093	3,482	50,023	4,376	7,193	11,569	61,592			
Postage and shipping	258	875	1,046	240	319	131	2,869	937	5,086	6,023	8,892			
Telephone and networks	726	4,779	2,075	416	1,328	260	9,584	1,086	2,366	3,452	13,036			
Occupancy	8,957	42,982	5,217	4,478	9,253	755	71,642	8,957	8,969	17,926	89,568			
Equipment rental & maintenance	1,884	7,819	1,132	795	2,691	126	14,447	2,239	2,214	4,453	18,900			
Printing	1,295	10,558	13,022	545	4,567	319	30,306	867	12,545	13,412	43,718			
Travel	133	3,800	2,324	-	3,666	8	9,931	76	2,356	2,432	12,363			
Conferences and meetings	109	4,261	328	73	328	73	5,172	437	984	1,421	6,593			
Insurance	291	1,471	390	227	321	163	2,863	944	896	1,840	4,703			
Awards	-	75	36	-	43	765	919	-	1,276	1,276	2,195			
Dues	293	1,459	1,605	254	302	114	4,027	874	1,161	2,035	6,062			
Other	5	2,415	60	8	1	78	2,567	4,111	48	4,159	6,726			
Special events	-	700	-	-	-	-	700	-	352	352	1,052			
In-kind expenses	-	250	2,250	-	-	-	2,500	-	1,700	1,700	4,200			
United Way of America dues	1,058	5,001	2,186	1,058	1,058	1,058	11,419	3,442	5,041	8,483	19,902			
United Way of Texas dues	227	906	1,133	227	227	227	2,947	680	907	1,587	4,534			
Total Expenses	51,289	380,493	86,937	21,293	105,189	21,103	666,304	99,059	208,985	308,044	974,348			
Before Depreciation														
Depreciation of Property and Equipment	15,761	7,565	1,576	315	1,261	315	26,793	1,576	3,152	4,728	31,521			
Total Expenses	\$ 1,071,506	\$ 388,058	\$ 88,513	\$ 21,608	\$ 106,450	\$ 21,418	\$ 1,697,553	\$ 100,635	\$ 212,137	\$ 312,772	\$ 2,010,325			

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

# UNITED WAY OF DENTON COUNTY, INC.

## NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 and 2016

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### **NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies**

The nature of activities and summary of significant accounting policies of United Way of Denton County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. Management of the Organization is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

Nature of Activities –The United Way of Denton County, Inc. serves as a catalyst to facilitate the organized effort of the community to identify and address the existing and emerging human needs of its people. The Organization is supported primarily through donor contributions.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Financial statement presented follows the requirements of FASB ASC 958-210, *Not-For-Profit Entities-Balance Sheet*, and FASB ASC 958-225, *Not-For-Profit Entities-Income Statement*. Under those provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

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

*Temporarily restricted net assets* - Net assets are subject to donor-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 are subject to donor-imposed stipulations that will be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At March 31, 2017 and 2016 the Organizations did not have any permanently restricted net assets.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking and money market accounts.

Investments – Investments consist of certificates of deposit. The certificates of deposit are one-year certificates that will mature in the next fiscal year. The certificates of deposit are reported at cost, which approximates fair value.

Support and Promises to Give – Annual campaigns are conducted to raise support for allocation to participating agencies in the current and subsequent year. The Organization is also conducting a capital campaign soliciting contributions and pledges to be used to build a new building. Unconditional promises to give are recognized as revenue when the promise to give is made, in accordance with GAAP. All support is considered available for unrestricted use or temporarily restricted due to time restrictions, unless specifically restricted by the donor. Promises to give are recorded as received, and allowances are provided for amounts estimated as uncollectable. The allowance for uncollectible pledges is established by the United Way Management based on past collection experience and current economic conditions.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

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**NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies - Continued**

Some capital campaign promises to give are to be paid over time periods ranging from one to five years.

Donor restricted pass-through pledges are not recognized as revenue as the Organization acts only as an intermediary between the donor and the ultimate beneficiary as required by FASB ASC 958-605, Not-For-Profit Entities-Revenue Recognition. The SECC campaign and all specific donor donations to designated agencies fall under this designation.

Contributions – The Organization’s success in conducting its mission is highly dependent on attracting committed volunteers. A substantial number of volunteers have donated significant amounts of their time in the Organization’s management and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated property and professional services are recorded at their estimated fair value as of the date of the donation.

Property and Equipment – Property and equipment are stated at cost, or if donated, the approximate fair value as of the date of the donation, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Expenditures for the new construction, major renewals and replacements, and equipment are capitalized. Construction in progress relates to costs incurred for architectural and engineering fees for a planned new building. Land and construction in progress are not being depreciated.

Functional Expenses – The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on estimates made by the Organization’s management.

Income Taxes – The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Texas franchise and sales and use taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). United Way of Denton County, Inc. has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

The Organization applies the provisions of FASB ASC 74, *Income Taxes* related to the accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended March 31, 2017 and 2016, the organization does not believe it currently holds any uncertain tax positions, therefore no recognition of uncertain tax positions is reflected in the financial statements. There was no unrelated business income for the years ended March 31, 2017 and 2016, and as a result, there was no income tax liability.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

**NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies - Continued**

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs – Advertising costs are expensed as incurred.

**NOTE 2 – Pledges Receivable**

Pledges receivable at March 31, 2017 and 2016 consisted of the following promises and the expected time of collection:

	<u>2017</u>	<u>2016</u>
Pledges receivable in less than one year	\$1,094,008	\$1,348,608
Pledges receivable in two to five years	<u>186,994</u>	<u>-</u>
	1,281,002	1,348,608
Less allowance for uncollectible pledges	(230,212)	(210,133)
Less discount to present value	<u>(7,455)</u>	<u>-</u>
Pledges receivable, net	<u>\$1,043,335</u>	<u>\$1,138,475</u>

\$186,039 of the net pledges receivables are pledges to the Organization's capital building campaign.

**NOTE 3 – Property and Equipment**

Property and equipment consist of the following at March 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 152,931	\$ -
Construction in progress	93,252	-
Office furniture and equipment	273,844	218,638
Less accumulated depreciation	<u>(179,069)</u>	<u>(134,985)</u>
Total	<u>\$ 340,958</u>	<u>\$ 83,653</u>

**NOTE 4 – Real Estate Obligation Payable**

In April 2015, the Organization acquired approximately 5 acres of land from Denton Housing Authority ("DHA") pursuant to a Purchase and Sale Agreement ("the agreement") for \$150,000. Under the agreement, the Organization will build a building to house the offices of the Organization and make space in the building available to DHA for use by DHA for certain operations of DHA. Approximately 1,200 square feet of the planned building will be built for DHA's use.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017 and 2016

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**NOTE 4 – Real Estate Obligation Payable – Continued**

The \$150,000 real estate obligation payable to DHA for the land purchase will be amortized over a twenty year period at \$832 per month (including interest at 3.0% per annum). The parties have entered into a lease agreement whereby DHA will lease the portion of the building used by DHA at a lease rate of \$832 per month to be applied to the real estate obligation payable.

The following are the principal payments required under the real estate obligation assuming the building is completed and occupied in March 2019:

Fiscal Year Ended <u>March 31,</u>	<u>Principal Payments</u>
2020	\$ 5,560
2021	5,729
2022	5,903
2023	6,083
2024	6,268
Thereafter	<u>120,457</u>
Total	<u>\$150,000</u>

The agreement places certain restrictions on the Organization in the event of a sale of the property and grants DHA a right of first refusal in the event of a sale of the property.

**NOTE 5 – Contributions – Donated Services and Materials**

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's activities during the years. The value of this contributed time is not reflected in these statements. The contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Materials and other assets received as donations are reflected in the accompanying financial statements at their fair values on the date of receipt and are described as in-kind donations. In-kind donations were \$3,069 for year ended March 31, 2017 and \$4,200 for the year ended March 31, 2016.

**NOTE 6 – Designated Funds Payable**

The State Employee Charitable Contribution program (SECC) is the only authorized charitable fundraising drive in the State workplace. The United Way serves as the Local Campaign Manager for the SECC campaign. The Organization acts as an intermediary between the donor and the ultimate beneficiary. The SECC funds and designated funds collected through the United Way Campaign are not recognized as revenue by the Organization, but are reported as a designated payable in the statement of the financial position. The SECC campaign and the United Way campaign designated payables at March 31, 2017 and 2016 are as follows:

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**NOTE 6 – Designated Funds Payable – Continued**

	<u>2017</u>	<u>2016</u>
SECC payable	\$111,931	\$129,467
Member agencies payable	50,756	59,595
Unaffiliated agencies payable	59,216	81,743
Total designated funds payable	<u>\$221,903</u>	<u>\$270,805</u>

**NOTE 7 – Lease Commitments**

The Organization leases office space and certain office equipment under operating leases expiring through December 2018. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of March 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
03/31/2017	\$ -	\$ 80,570
03/31/2018	76,312	76,312
03/31/2019	55,639	55,639
03/31/2020	-	-
03/31/2021	-	-
Totals	<u>\$139,951</u>	<u>\$212,521</u>

Rent expense under operating leases was \$80,885 and \$80,622 for the years ended March 31, 2017 and 2016, respectively.

**NOTE 8 – Retirement Plan**

The Organization's retirement plan is administered by the United Way. It is a defined contribution retirement plan described under Section 403(b) of the Internal Revenue Service Code. It is a defined contribution retirement plan which provides retirement benefits for all employees who normally work more than twenty hours per week. The Organization contributed amounts during the years ended March 31, 2017 and 2016 equal to a maximum of six percent of the eligible employees' gross salaries. Contributions for the years ended March 31, 2017 and 2016 were \$30,872 and \$26,000, respectively. Under this plan, participant accounts are one-hundred percent vested at all times.

**NOTE 9 – Temporarily Restricted Net Assets**

Net assets are subject to donor-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. As of March 31, 2017 and 2016, temporarily restricted net assets were available for the following:

	<u>2017</u>	<u>2016</u>
Annual campaign pledges receivable, net	\$ 857,296	\$1,138,474
Mental Health Task Force contribution	-	48,420
Capital campaign contributions	255,097	-
Total temporarily restricted net assets	<u>\$1,112,393</u>	<u>\$1,186,894</u>

**UNITED WAY OF DENTON COUNTY, INC.**

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**NOTE 10 – Concentration of Credit and Market Risk**

The Organization maintains various bank accounts that may from time to time contain balances in excess of federally insured limits. The Organization manages this risk by maintaining the deposits with high quality financial institutions.

The Organization has various receivables as of March 31, 2017 and 2016. The Organization consider its risk of loss from receivables (net of allowance for uncollectible amounts) to be minimal.

The Organization received approximately 76% of its contributions from fifteen companies and/or their employees for the 2016 pledge campaign year and received approximately 70% of its contributions from fifteen companies and/or their employees for the 2015 pledge campaign year.

**NOTE 11 – Financial Instruments**

Accounts receivable – The amounts reported in the accompanying statements of financial position as accounts receivable approximate fair value because of the short maturities of those instruments.

Pledges receivable – The amounts reported in the accompanying statements of financial position as pledges receivable approximate fair value because of the short maturities of those instruments.

Accounts payable and other amounts payable – The carrying amounts reported in the accompanying statements of the financial position for accounts payable and other amounts payable approximate fair value.

The carrying amounts and fair value of the United Way's financial instruments at March 31, 2017 and 2016 are as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and cash equivalents	\$1,065,144	\$1,065,144	\$1,317,072	\$1,317,072
Investments	131,441	131,441	213,192	213,192
Pledges receivable	1,043,335	1,043,335	1,138,475	1,138,475
Financial liabilities:				
Accounts payable and other amounts payable	251,582	251,582	304,308	304,308

**NOTE 12 – Subsequent Events**

Management has evaluated the impact of all subsequent events on the Organization through June 2, 2017, the date of financial statements issuance, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.