

UNITED WAY OF CENTRAL IOWA

FINANCIAL REPORT

**YEARS ENDED
JUNE 30, 2017 AND 2016**

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5 and 6
Statements of cash flows	7
Notes to financial statements	8-22

UNITED WAY OF CENTRAL IOWA

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 3,731,816	\$ 3,942,246
Receivables:		
Annual campaign	10,413,014	11,184,883
Grants	93,231	511,864
Other	39,653	30,182
Other assets	216,079	140,860
Investments	8,734,680	8,357,878
Land, building and equipment, net	2,552,274	2,726,656
Beneficial interest in community foundation fund	7,695,115	6,708,658
Assets restricted for permanent endowment:		
Beneficial interest in community foundation fund	<u>3,345,822</u>	<u>2,993,332</u>
 Total assets	 <u>\$ 36,821,684</u>	 <u>\$ 36,596,559</u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 1,334,609	\$ 1,117,396
Refundable advances and deferred revenue:		
Polk County Early Childhood	193,815	299,805
Other	52,370	272,217
Community investments and donor choice payable	1,521,319	1,496,721
Accrued expenses	<u>94,577</u>	<u>87,528</u>
 Total liabilities	 <u>\$ 3,196,690</u>	 <u>\$ 3,273,667</u>
 NET ASSETS		
Unrestricted:		
Designated by the governing board:		
Land, buildings, and equipment	\$ 2,552,274	\$ 2,726,656
Endowment fund	7,518,944	6,754,082
Undesignated	<u>10,983,461</u>	<u>10,835,019</u>
Total unrestricted net assets	<u>\$ 21,054,679</u>	<u>\$ 20,315,757</u>
 Temporarily restricted:		
Restricted due to time	\$ 8,735,886	\$ 9,192,126
Restricted due to purpose	488,607	821,677
	<u>\$ 9,224,493</u>	<u>\$ 10,013,803</u>
 Permanently restricted	 <u>\$ 3,345,822</u>	 <u>\$ 2,993,332</u>
 Total net assets	 <u>\$ 33,624,994</u>	 <u>\$ 33,322,892</u>
 Total liabilities and net assets	 <u>\$ 36,821,684</u>	 <u>\$ 36,596,559</u>

See Notes to Financial Statements.

UNITED WAY OF CENTRAL IOWA

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GRANTS, AND OTHER SUPPORT								
Total campaign results	\$ 18,380,987	\$ 8,734,819	\$ -	\$ 27,115,806	\$ 19,280,756	\$ 9,191,115	\$ -	\$ 28,471,871
Prior year's campaign results released from time restrictions	9,191,115	(9,191,115)	-	-	8,827,820	(8,827,820)	-	-
Donor designations	(5,682,484)	-	-	(5,682,484)	(6,722,887)	-	-	(6,722,887)
Undesignated campaign contributions	\$ 21,889,618	\$ (456,296)	\$ -	\$ 21,433,322	\$ 21,385,689	\$ 363,295	\$ -	\$ 21,748,984
Less estimated uncollected pledges	(1,052,840)	-	-	(1,052,840)	(921,543)	-	-	(921,543)
Net campaign contributions	\$ 20,836,778	\$ (456,296)	\$ -	\$ 20,380,482	\$ 20,464,146	\$ 363,295	\$ -	\$ 20,827,441
Grants, sponsorships, & other non-campaign contributions	960,359	258,230	352,490	1,571,079	1,088,241	869,141	113,780	2,071,162
Investment income, including net unrealized gain (loss)								
2017 (\$27,799); 2016 \$9,826	45,117	-	-	45,117	60,554	-	-	60,554
Change in value of beneficial interest in community foundation fund	805,948	175,163	-	981,111	(199,247)	(149,912)	-	(349,159)
Service fees	274,729	-	-	274,729	287,636	-	-	287,636
Operation of Human Service Campus, net of expenses 2017 \$752,542; 2016 \$775,123	(40,690)	-	-	(40,690)	(61,874)	-	-	(61,874)
Other revenue	159,862	-	-	159,862	146,721	-	-	146,721
	<u>\$ 23,042,103</u>	<u>\$ (22,903)</u>	<u>\$ 352,490</u>	<u>\$ 23,371,690</u>	<u>\$ 21,786,177</u>	<u>\$ 1,082,524</u>	<u>\$ 113,780</u>	<u>\$ 22,982,481</u>
Satisfaction of restrictions	766,407	(766,407)	-	-	48,400	(48,400)	-	-
	<u>\$ 23,808,510</u>	<u>\$ (789,310)</u>	<u>\$ 352,490</u>	<u>\$ 23,371,690</u>	<u>\$ 21,834,577</u>	<u>\$ 1,034,124</u>	<u>\$ 113,780</u>	<u>\$ 22,982,481</u>
COMMUNITY INVESTMENTS AND FUNCTIONAL EXPENSES								
Community investments:								
Education	\$ 6,742,231	\$ -	\$ -	\$ 6,742,231	\$ 6,551,019	\$ -	\$ -	\$ 6,551,019
Income	4,346,598	-	-	4,346,598	3,444,818	-	-	3,444,818
Health	4,224,714	-	-	4,224,714	4,267,347	-	-	4,267,347
Integrated work	697,692	-	-	697,692	708,044	-	-	708,044
Other	238,387	-	-	238,387	281,132	-	-	281,132
Total	<u>\$ 16,249,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,249,622</u>	<u>\$ 15,252,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,252,360</u>
Functional expenses:								
Community service programs	2,967,008	-	-	2,967,008	3,034,505	-	-	3,034,505
Supporting services	3,852,958	-	-	3,852,958	3,668,105	-	-	3,668,105
	<u>\$ 23,069,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,069,588</u>	<u>\$ 21,954,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,954,970</u>
Changes in net assets	\$ 738,922	\$ (789,310)	\$ 352,490	\$ 302,102	\$ (120,393)	\$ 1,034,124	\$ 113,780	\$ 1,027,511
Net assets at beginning of year	<u>20,315,757</u>	<u>10,013,803</u>	<u>2,993,332</u>	<u>33,322,892</u>	<u>20,436,150</u>	<u>8,979,679</u>	<u>2,879,552</u>	<u>32,295,381</u>
Net assets at end of year	<u>\$ 21,054,679</u>	<u>\$ 9,224,493</u>	<u>\$ 3,345,822</u>	<u>\$ 33,624,994</u>	<u>\$ 20,315,757</u>	<u>\$ 10,013,803</u>	<u>\$ 2,993,332</u>	<u>\$ 33,322,892</u>

See Notes to Financial Statements.

UNITED WAY OF CENTRAL IOWA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2017 and 2016

	2017								
	Community Service Programs					Supporting Services			
	Retired Senior Volunteer Program	United Way 2-1-1	Volunteer Engagement	Other Community Services	Total	Fund Raising	Organizational Administration	Supporting Services Total	Total
Salaries	\$ 71,511	\$ 255,098	\$ 108,528	\$ 1,399,110	\$ 1,834,247	\$ 981,959	\$ 1,216,513	\$ 2,198,472	\$ 4,032,719
Employee benefits	10,312	37,537	22,735	268,275	338,859	198,272	253,663	451,935	790,794
Total salaries and employee benefits	\$ 81,823	\$ 292,635	\$ 131,263	\$ 1,667,385	\$ 2,173,106	\$ 1,180,231	\$ 1,470,176	\$ 2,650,407	\$ 4,823,513
Professional fees and contract services	670	13,985	5,250	100,998	120,903	1,937	200,511	202,448	323,351
Technology fees	1,414	17,538	1,430	18,331	38,713	12,904	90,566	103,470	142,183
Marketing	17,350	23,894	64	69,028	110,336	78,212	191,596	269,808	380,144
Conferences, conventions, meetings	2,582	3,590	873	21,926	28,971	16,773	33,169	49,942	78,913
Community events & organizational meetings	676	497	41,524	38,810	81,507	61,408	66,332	127,740	209,247
Occupancy	3,329	10,233	4,870	52,552	70,984	39,051	63,293	102,344	173,328
Depreciation	-	13,487	5,780	31,792	51,059	24,085	32,755	56,840	107,899
Organization dues	325	16,082	1,060	34,850	52,317	4,369	13,413	17,782	70,099
Specific assistance to individuals	12,027	-	-	-	12,027	-	-	-	12,027
Supplies, postage, and miscellaneous	2,995	19,351	2,866	69,856	95,068	39,130	58,048	97,178	192,246
Subtotal	\$ 123,191	\$ 411,292	\$ 194,980	\$ 2,105,528	\$ 2,834,991	\$ 1,458,100	\$ 2,219,859	\$ 3,677,959	\$ 6,512,950
United Way of America dues	-	-	-	132,017	132,017	76,753	98,246	174,999	307,016
Total functional expenses	\$ 123,191	\$ 411,292	\$ 194,980	\$ 2,237,545	\$ 2,967,008	\$ 1,534,853	\$ 2,318,105	\$ 3,852,958	\$ 6,819,966

See Notes to Financial Statements.

UNITED WAY OF CENTRAL IOWA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2017 and 2016

	2016								
	Community Service Programs					Supporting Services			
	Retired Senior Volunteer Program	United Way 2-1-1	Volunteer Engagement	Other Community Services	Total	Fund Raising	Organizational Administration	Supporting Services Total	Total
Salaries	\$ 65,980	\$ 3,859	\$ 104,423	\$ 1,286,540	\$ 1,460,802	\$ 879,335	\$ 1,194,778	\$ 2,074,113	\$ 3,534,915
Employee benefits	9,452	889	22,691	268,541	301,573	186,069	252,688	438,757	740,330
Total salaries and employee benefits	\$ 75,432	\$ 4,748	\$ 127,114	\$ 1,555,081	\$ 1,762,375	\$ 1,065,404	\$ 1,447,466	\$ 2,512,870	\$ 4,275,245
Professional fees and contract services	2,433	566,096	1,605	93,343	663,477	1,045	187,720	188,765	852,242
Technology fees	1,572	344	1,943	17,680	21,539	16,693	85,549	102,242	123,781
Marketing	19,131	901	358	28,608	48,998	49,915	261,543	311,458	360,456
Conferences, conventions, meetings	984	-	2,800	27,159	30,943	16,148	21,557	37,705	68,648
Community events & organizational meetings	1,337	146	41,018	95,566	138,067	42,476	41,784	84,260	222,327
Occupancy	4,494	-	6,510	49,934	60,938	39,615	62,312	101,927	162,865
Depreciation	-	-	6,115	28,544	34,659	26,512	34,678	61,190	95,849
Organization dues	325	-	500	35,226	36,051	2,643	7,560	10,203	46,254
Specific assistance to individuals	12,769	-	-	-	12,769	-	-	-	12,769
Supplies, postage, and miscellaneous	2,685	1,672	3,011	89,884	97,252	31,640	56,918	88,558	185,810
Subtotal	\$ 121,162	\$ 573,907	\$ 190,974	\$ 2,021,025	\$ 2,907,068	\$ 1,292,091	\$ 2,207,087	\$ 3,499,178	\$ 6,406,246
United Way of America dues	-	-	-	127,437	127,437	74,090	94,837	168,927	296,364
Total functional expenses	\$ 121,162	\$ 573,907	\$ 190,974	\$ 2,148,462	\$ 3,034,505	\$ 1,366,181	\$ 2,301,924	\$ 3,668,105	\$ 6,702,610

See Notes to Financial Statements.

UNITED WAY OF CENTRAL IOWA

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 302,102	\$ 1,027,511
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	307,985	283,951
Amortization of investment premiums	16,927	62,680
Net unrealized (gain) loss on investments	27,799	(9,826)
Change in value of beneficial interest in community foundation fund	(1,130,961)	171,279
Distributions from community foundation fund	149,849	177,880
Contributions made directly to community foundation fund	(5,345)	-
Contributions restricted for endowment	(352,490)	(113,780)
Changes in operating assets and liabilities:		
Annual campaign receivables	771,869	(623,195)
Grants and other receivables	409,162	(183,192)
Other assets	(75,219)	(69,157)
Accounts payable	217,213	469,679
Refundable advances and deferred revenue	(325,837)	(118,546)
Community investments and donor choice payable	24,598	11,840
Accrued expenses	7,049	(19,677)
Net cash provided by operating activities	<u>\$ 344,701</u>	<u>\$ 1,067,447</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	\$ 4,771,675	\$ 4,685,000
Purchases of investments	(5,193,203)	(5,914,700)
Purchases of land, building and equipment	<u>(133,603)</u>	<u>(358,975)</u>
Net cash (used in) investing activities	<u>\$ (555,131)</u>	<u>\$ (1,588,675)</u>
 Net (decrease) in cash and cash equivalents	\$ (210,430)	\$ (521,228)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,942,246</u>	<u>4,463,474</u>
 End of year	<u><u>\$ 3,731,816</u></u>	<u><u>\$ 3,942,246</u></u>

See Notes to Financial Statements.

UNITED WAY OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Organization:

United Way of Central Iowa (United Way) mobilizes monetary, volunteer and partner resources, collaborating in efforts to provide lasting community change and reach community Goals for 2020 in the priority areas of education, income and health.

United Way's mission statement is: "to improve lives by uniting the caring power of our community." United Way is a charitable organization, incorporated on March 21, 1918. The organization is a non-profit organization, organized and operated under IRS 501(c)(3) regulations. It is governed by a volunteer board of directors.

Description of major programs:

The organization has determined that for purposes of recording unrestricted expenses in the statement of activities, there are community investments and functional expenses. In community investments, Goals for 2020 drive investment decisions in the priority areas of education, income and health as follows:

Education – To improve the percentage of central Iowa students who graduate from high school to 95% by the year 2020.

Income – To increase the percentage of central Iowans who are financially self-sufficient to 75% by 2020.

Health – To increase central Iowa's Gallup Well-Being Index score from 61.5 (2014) to 64.5 by the year 2020.

Integrated Work – Education, Income, and Health components of work are integrated to propel targeted progress on the Goals of 2020.

In functional expenses the primary programs are as follows:

Retired Senior Volunteer Program – Matches the interests of individuals 55 years and older with volunteer opportunities focused on community priorities in education, income and health. United Way administers this program with United Way and federal funds.

United Way 2-1-1 – Effective July 1, 2016, United Way commenced direct operation of the 2-1-1 program. 2-1-1 is a centralized referral service for individuals needing human services assistance. The program is a 24/7 telephone helpline and website which connects individuals with agencies and organization that can provide needed resources, support or direction.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (*Continued*)

Description of major programs: (*Continued*)

In functional expenses the primary programs are as follows: (*Continued*)

Volunteer Engagement – Mobilizes volunteers in our community to reach Goals for 2020 in education, income and health. Activities include: linking prospective volunteers to strategic initiatives; developing training for volunteers; supporting business partners' efforts to reach corporate social responsibility goals; mobilizing volunteers to address emerging community needs; and coordinating volunteer crisis preparedness and response.

Other Community Services – Provides strategic leadership, tactical support and technology platforms to drive long-term community change and reach Goals for 2020 in education, income and health. Priorities include: developing comprehensive community impact plans using research- and evidence-based strategies; mobilizing and connecting a diverse set of individuals/organizations/partners to implement strategies; leading volunteer knowledge experts in alignment of investments and activities; obtaining, tracking and analyzing data on progress and results, and correcting course when warranted; engaging in statewide advocacy and public policy collaboration. The expenses related to Other Community Services are reported as community investments.

Also included in the Other Community Services is AFL-CIO labor costs. Partners with the South Central Iowa Federation of Labor, AFL-CIO, to build relationships between United Way, the local labor council, and its members and arranging for participation with workforce training programs.

Campaign contributions:

A campaign is conducted to raise financial support for United Way activities. Pledges, generally from individuals and corporations in the Central Iowa area, are recorded in the statement of activities in the year the pledge is made. Substantially all pledges are received within one year.

United Way collects pledges that are specifically designated to be directed to eligible agencies during the campaign. United Way is honoring designations made to each organization that qualifies based upon policy. United Way has no discretion as to how the donor designated pledges from the campaign are distributed; therefore, United Way does not include these contributions in its net campaign contributions total. The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with United Way Worldwide Standards. United Way earned service fees totaling \$274,729 in 2017 and \$287,636 in 2016 for processing donor designated pledges.

The estimated uncollectible pledges is generally based on historical collection rates and current economic factors applied to gross campaign results, including donor designations. Substantially all pledges are received within one year, however, estimates could fluctuate significantly based on changing economic conditions in the future.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (*Continued*)

Grants and other receivables:

The receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of history with various grantors and other entities having outstanding balances, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Classification of net assets:

The statement of financial position reports amounts for three classes of net assets - unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Permanently restricted net assets include endowment assets, which are permanently restricted by donors. Although such assets may not be expended, the investment income earned on them is generally to be expended for a specific purpose.

Temporarily restricted net assets include donor restricted assets, which are to be expended for specific purposes. Investment income on endowment assets, including net appreciation, is also considered temporarily restricted as directed by the donors of such assets. Temporarily restricted net assets also include unconditional promises to give with payments due in future periods.

Unrestricted net assets result from revenues from the receipt of unrestricted contributions, the income from income-producing assets, and the providing of the organization's services, less expenses incurred when investing in the community towards the goals for 2020, providing services, raising contributions, and performing administrative functions.

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:

For the purpose of the statement of cash flows, United Way considers all highly liquid cash (including savings and money market accounts) to be cash equivalents.

Contributions received:

Contributions, which are defined as unconditional transfers of cash or other assets including unconditional promises to give those items in the future, are measured at fair value on the date received and recognized as revenue. The imposition of restrictions on how a contribution is to be used does not delay recognition. However, the recognition of conditional gifts as revenue is delayed until the conditions are met.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (*Continued*)

Contributions received: (*Continued*)

The organization distinguishes between contributions received with temporary restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted unless the organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases the contributions are reported as unrestricted. Receipts of unconditional promises to give with payments due in future periods are reported as restricted unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted.

A substantial number of volunteers and “loaned executives” have donated significant amounts of their time in United Way’s governance oversight, community engagement, fund-raising campaigns and other activities. Since the services provided do not require specialized skills, no amounts have been recorded in the financial statements.

Investments:

Investments include certificates of deposit and U.S. agency issues. These are carried at fair value and realized and unrealized gains and losses are reflected in the statements of activities as part of investment income. For miscellaneous certificates of deposit, given the nature of these instruments and their duration, fair value is assumed to be equivalent to cost plus interest accrued. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Debt securities purchased at a discount or a premium will amortize or accrete the related discount or premium over the life of the security on a straight-line method.

Land, building, and equipment:

Land, building, and equipment is recorded at cost, if purchased, or at fair and market value, if donated. Depreciation is computed by the straight-line method over estimated useful lives of 10-40 years for building and 3-10 years for furniture and equipment. The organization follows the practice of capitalizing expenditures for the Human Services Campus in excess of \$2,500 and expenditures for all other categories in excess of \$500. Costs of maintenance and repairs that do not improve or extend assets lives are charged to expense.

Income taxes:

United Way is a charitable organization and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. United Way files a Form 990 tax return in the U.S. federal jurisdiction.

Note 2. Investments

ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments (Continued)

The organization's investments are carried at fair value using level 2 inputs and investment gains and losses are reflected in the statement of activities. The fair value is based on 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, and inputs that are derived principally from observable market data.

The organization's investments consist of the following:

	2017	2016
Certificates of deposit (level 2)	\$ 4,388,661	\$ 4,234,745
U.S. agency securities (level 2)	2,349,244	3,569,779
U.S. treasury notes (level 2)	1,996,775	553,354
	\$ 8,734,680	\$ 8,357,878

The organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance. For liquidity purposes, all of the organization's investment holdings are due to mature within a three year period.

Note 3. Land, Building, and Equipment

Land, building, and equipment consists of the following:

	2017	2016
Land	\$ 98,275	\$ 98,275
Human Service Campus building	7,425,486	7,390,755
Furniture and equipment	1,720,724	1,621,852
Total	\$ 9,244,485	\$ 9,110,882
Less accumulated depreciation, including		
Human Service Campus building		
2017 \$5,222,715; 2016 \$5,022,630	6,692,211	6,384,226
	\$ 2,552,274	\$ 2,726,656

NOTES TO FINANCIAL STATEMENTS

Note 4. Beneficial Interest in Community Foundation

The organization records a beneficial interest in the United Way of Central Iowa Endowment Fund, United Way of Central Iowa Endow Iowa Fund, and United Way of Central Iowa Endow Iowa Maureen Tiffany Education Fund (collectively referred to as the “Fund”) held by the Community Foundation of Greater Des Moines.

The Fund was originally formed by the merger of the United Way Foundation of Central Iowa and the Greater Des Moines Community Foundation. Subsequent to the merger, contributions and bequests have been added to the Fund’s balance. Under the governing agreement, United Way of Central Iowa can recommend distributions of income from the principal of the Fund, but no more frequently than quarterly. These distributions are limited to 5% of the prior December 31st balance. The distribution limit of the Fund is based upon the agreement with the Community Foundation of Greater Des Moines. In cases where the Community Foundation of Greater Des Moines reviews activities and determines a charity is not fulfilling the functions and purposes specified by United Way, the Community Foundation of Greater Des Moines Board has the ability to determine that compliance with the designations is impractical or impossible and thereby may decide not to honor such recommendations. The agreement does not allow the Community Foundation of Greater Des Moines the ability to redirect the designation to a beneficiary of its choice.

The Community Foundation of Greater Des Moines invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance held at the Foundation.

The fair value of the beneficial interest is measured using level 3 inputs, and is based on the value of the assets underlying the beneficial interest. All items of income and expense are recorded on the statement of activities in change in value of beneficial interest in Community Foundation. The activity of the beneficial interest for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Balance, beginning of year	\$ 9,701,990	\$ 9,937,369
Contributions	357,835	113,780
Interest and dividends	200,545	214,054
Realized and unrealized gains (losses)	986,149	(322,216)
Distributions	(149,849)	(177,880)
Expenses	(55,733)	(63,117)
Balance, end of year	\$ 11,040,937	\$ 9,701,990

NOTES TO FINANCIAL STATEMENTS

Note 5. Lease Commitments

Operating leases:

As of June 30, 2017, the organization leases office equipment (through June 30, 2018) under operating lease agreements. Future minimum lease payments required under the leases are as follows:

Year Ending	
June 30,	
<hr/>	
2018	\$ 49,285
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Total rent expense was \$51,565 and \$41,135 for the years ended June 30, 2017 and 2016, respectively.

Note 6. Occupancy Agreements

United Way owns the Human Service Campus building and shares occupancy of the building with other qualified charitable organizations. Occupancy costs to be reimbursed to United Way under occupancy agreements at June 30, 2017 are as follows:

Year Ending	
June 30,	
<hr/>	
2018	\$ 449,353
2019	318,391
2020	202,958
	<hr/>
	\$ 970,702
	<hr/>

NOTES TO FINANCIAL STATEMENTS

Note 7. Human Service Campus Operations

Summarized operating results for the years ended June 30, 2017 and 2016 of the Human Service Campus are:

	2017	2016
Revenue:		
Occupancy cost reimbursements – third parties	\$ 543,491	\$ 550,563
Occupancy cost reimbursements – United Way	165,961	157,911
Interest and miscellaneous income	2,400	4,775
	\$ 711,852	\$ 713,249
Expenses:		
Salaries and employee benefits	\$ 78,729	\$ 65,746
Security and insurance	34,590	37,659
Janitorial	115,974	131,550
Utilities	129,296	122,840
Supplies	7,356	6,217
Repairs and maintenance	132,966	162,538
Communications and other expenses	53,545	60,399
Depreciation	200,086	188,102
In-Kind donation	-	72
	\$ 752,542	\$ 775,123
Net expenses over revenue	\$ (40,690)	\$ (61,874)

United Way has a property management agreement with a company that collects occupancy payments and makes expenditures relating to the Human Service Campus in exchange for a monthly fee. United Way may have future obligations for Human Service Campus repair or replacement expenditures and monitors its unrestricted net assets to make sure the balances are more than sufficient to meet these needs.

Note 8. Employee Benefit Plans

Employee benefits program administration:

United Way sponsors two employee benefit programs in which some agencies participate. The programs sponsored are a pension plan and a 401(k) plan.

NOTES TO FINANCIAL STATEMENTS

Note 8. Employee Benefit Plans *(Continued)*

Pension Plan (Defined Benefit Retirement Plan):

United Way contributes to the United Way of Central Iowa Retirement Plan which is a multiemployer defined benefit pension plan. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the company chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The organization's participation in these plans for the fiscal years ended June 30, 2017 and 2016 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plan's year-end at December 31, 2016 and 2015, respectively. The zone status is based on information that the company received from the plan. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status (calendar year)		FIP/RP Status Pending/ Implemented	Contributions of the Company (fiscal year)			Surcharge Imposed
		2016	2015		2017	2016	2015	
United Way of Central Iowa Retirement Plan	42-0680425 4-35825	Green	Green	N/A	<u>\$ 172,005</u>	<u>\$ 186,042</u>	<u>\$ 193,824</u>	No

Contributions to the plan have decreased due to the actuarial calculations of required contributions to adequately fund the plan. The organization provided more than 5% of the total contributions for the United Way of Central Iowa Retirement Plan for the years ended June 30, 2017 and 2016.

401(k) Plan (Defined Contribution Retirement Plan):

The plan is a defined contribution plan established on July 1, 2001. It generally covers all participants of United Way, plus other participating agencies. Participating participants agree to contribute a percentage of their effective compensation through a salary reduction, provided they have attained the age of 21 and have completed one full year of employment in which 1,000 hours are worked. There is no minimum or maximum deferral percentage.

NOTES TO FINANCIAL STATEMENTS

Note 8. Employee Benefit Plans *(Continued)*

401(k) Plan (Defined Contribution Retirement Plan): *(Continued)*

United Way matches up to 4% of each eligible participant's salary contribution after the first year of employment. Total expense relating to the employer's contribution to the 401(k) plan was \$97,654 and \$96,250 for the years ended June 30, 2017 and 2016, respectively.

Note 9. Agency Funds

United Way is the designated fiscal agent for the Polk County Early Childhood Iowa Board, who has been designated to receive and distribute Early Childhood Iowa state funding. These funds are used to further work in the areas of early childhood development and school readiness. For the years ended June 30, 2017 and 2016, funding received was \$3,831,419 and \$3,818,354, respectively.

In accordance with ASC Topic 958-605, United Way reports this activity as agency transactions. Accordingly, such agency transactions, totaling \$3,956,061 and \$3,913,386 (including expenditures relating to the state awards noted above), are not recorded or reflected in United Way's statements of activities for the years ended June 30, 2017 and 2016, respectively.

Cash and investments held as a result of these fiscal agency relationships are included in United Way's reported balances. Accordingly, a portion of the cash and investments are offset by amounts reported as refundable advances. As of June 30, 2017 and 2016, such amounts totaled \$193,815 and \$299,805, respectively.

Note 10. Commitments

In June 2017, the Board of Directors approved agency partner program investments in the amount of \$15,810,290 for the fiscal year July 1, 2017 through June 30, 2018, as part of its approval of the 2017/2018 operating budget.

Note 11. Endowment Funds

ASC Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Such guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The state of Iowa enacted a form of UPMIFA (SPMIFA) effective July, 2008, the provisions of which apply to endowment funds existing on or established after that date.

NOTES TO FINANCIAL STATEMENTS

Note 11. Endowment Funds (*Continued*)

United Way of Central Iowa's endowments consist of numerous individual gifts established to fund and support the mission of United Way of Central Iowa. Its endowments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of United Way of Central Iowa has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way of Central Iowa classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by United Way of Central Iowa in a manner consistent with the standard of prudence prescribed by SPMIFA. Further, the governing board has internally designated a portion of the unrestricted net assets as a board-designated endowment.

In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources to United Way of Central Iowa, and (7) United Way of Central Iowa's policy pertaining to the investment and distribution of endowment funds.

United Way of Central Iowa has adopted an investment management policy for endowment assets. The investment management policy sets forth that the responsibility for investment management of endowed funds has been delegated, by contract, solely to the Community Foundation of Greater Des Moines. The Community Foundation of Greater Des Moines and its Board of Directors has adopted a Statement of Investment Policy providing direction for the investment of endowed funds.

The underlying investment policy of the endowment funds is with the objective of achieving long-term asset appreciation. The investment policy establishes an achievable return objective through diversification of asset classes. The current performance expectation of the endowment fund's assets is a long-term, total rate of return on assets that is equal to or in excess of a 5% spending rate, anticipated inflation, investment management fees, administrative costs, and a growth factor as established from time to time. The target rate of return for the fund's investment assets is based on the assumption that future real returns will approximate or exceed the indexed rates of return experience for each asset class. To satisfy the long-term rate-of-return objectives, a total return strategy in which investment returns are achieved through both capital appreciations (realized and unrealized) and current yield (interest and dividends) is relied upon. A diversified asset allocation is targeted and it places an emphasis on fixed income, equity, and alternative investments to achieve its long-term return objectives within prudent risk parameters.

NOTES TO FINANCIAL STATEMENTS

Note 11. Endowment Funds (Continued)

United Way of Central Iowa has adopted a distribution and spending policy to ensure adherence to donor restrictions and to allow use of a portion of the endowment as a funding source toward making and administering community investments (agency program, community impact and community services spending) where appropriate and not in violation of donor restrictions. The policy protects the organization from year-to-year fluctuations in market returns and investment results by providing a predictable amount in the funds made available from endowment. United Way of Central Iowa calculates distributions from permanent and temporary endowments in order to fully quantify and address donor stipulations. The organization generally limits total appropriations to 5% of the previous calendar year-end value for expenditure from any endowment fund unless a larger amount is required to address donor stipulations. The level of appropriation with the current performance expectations for investments is generally consistent with the organization's objective to maintain the original value of permanent endowment gifts in perpetuity.

Endowment net asset composition by type of fund as of June 30, 2017 and 2016 are as follows:

	2017			Total Net Endowment Assets
	Permanently Restricted	Temporarily Restricted	Unrestricted	
Donor-restricted endowment funds	\$ 3,345,822	\$ 176,171	\$ -	\$ 3,521,993
Board Designated endowment funds	-	-	7,518,944	7,518,944
Total funds	\$ 3,345,822	\$ 176,171	\$ 7,518,944	\$ 11,040,937
	2016			
	Permanently Restricted	Temporarily Restricted	Unrestricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ 2,993,332	\$ 1,007	\$ (46,431)	\$ 2,947,908
Board Designated endowment funds	-	-	6,754,082	6,754,082
Total funds	\$ 2,993,332	\$ 1,007	\$ 6,707,651	\$ 9,701,990

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires United Way to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, the deficiency of \$46,431 was reported in unrestricted net assets as of June 30, 2016. This deficiency resulted from unfavorable market fluctuations that occurred during the year.

NOTES TO FINANCIAL STATEMENTS

Note 11. Endowment Funds (Continued)

Changes in endowment net assets as of June 30, 2017 and 2016 are as follows:

	2017			Total Net Endowment Assets
	Permanently Restricted	Temporarily Restricted	Unrestricted	
Balance, beginning of year	\$ 2,993,332	\$ 1,007	\$ 6,707,651	\$ 9,701,990
Contributions	352,490	-	5,345	357,835
Interest and dividends	-	62,656	137,889	200,545
Realized and unrealized gains	-	306,252	679,897	986,149
Distributions	-	(129,849)	(20,000)	(149,849)
Expenses	-	(17,464)	(38,269)	(55,733)
Reclass for underwater endowment	-	(46,431)	46,431	-
Balance, end of year	\$ 3,345,822	\$ 176,171	\$ 7,518,944	\$ 11,040,937
	2016			
	Permanently Restricted	Temporarily Restricted	Unrestricted	Total Net Endowment Assets
Balance, beginning of year	\$ 2,879,552	\$ 150,919	\$ 6,906,898	\$ 9,937,369
Contributions	113,780	-	-	113,780
Interest and dividends	-	65,488	148,566	214,054
Realized and unrealized (losses)	-	(99,557)	(222,659)	(322,216)
Distributions	-	(142,880)	(35,000)	(177,880)
Expenses	-	(19,394)	(43,723)	(63,117)
Reclass for underwater endowment	-	46,431	(46,431)	-
Balance, end of year	\$ 2,993,332	\$ 1,007	\$ 6,707,651	\$ 9,701,990

NOTES TO FINANCIAL STATEMENTS

Note 12. Net Assets

Temporarily restricted net assets consist of the following at June 30, 2017 and 2016:

	2017	2016
Time restricted:		
Annual campaign receivable - undesignated	\$ 8,734,819	\$ 9,191,115
Charitable remainder unitrust	1,067	1,011
	\$ 8,735,886	\$ 9,192,126
Purpose restricted:		
Unappropriated endowment earnings	\$ 176,171	\$ 1,007
Bridges to Success	55,000	395,600
OpportUNITY	98,478	100,000
100th Year Anniversary	25,000	125,000
Others restricted for specific program/project	133,958	200,070
	\$ 488,607	\$ 821,677
Total temporarily restricted net assets	\$ 9,224,493	\$ 10,013,803

Permanently restricted net assets consist of the following at June 30, 2017 and 2016:

	2017	2016
United Way of Central Iowa endowment	\$ 3,136,774	\$ 2,832,719
Maureen Tiffany Education endowment	209,048	160,613
	\$ 3,345,822	\$ 2,993,332

The earnings from the United Way of Central Iowa endowment are used toward making and administering community investments. The earnings from the Maureen Tiffany Education endowment fund are restricted for Early Childhood Initiatives.

The Board has established a guideline to reserve the undesignated net assets to provide financial stability and minimize financial disruption due to unexpected contingencies. The amount undesignated is a targeted dollar range representing three to six months' budgeted program and operating expenses for the next fiscal year. This targeted range was \$5,789,000 to \$11,578,000 at June 30, 2017, with the funds guideline balance being \$10,945,316. The undesignated net asset balance at June 30, 2017 was \$10,983,461.

NOTES TO FINANCIAL STATEMENTS

Note 13. Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Note 14. Subsequent Events - Date of Management Evaluation

Management has evaluated subsequent events through December 1, 2017, the date the financial statements were available to be issued.