

UNITED WAY OF VENTURA COUNTY

Audit Report and Financial Statements June 30, 2017 With Comparative Totals for 2016

Prepared by:

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Certified Public Accountant

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**United Way of Ventura County
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June 30, 2017**

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Certified Public Accountant

To the Board of Directors
United Way of Ventura County, Inc.
Ventura, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying statement of financial position of United Way of Ventura County, Inc. (a California nonprofit corporation) as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 considered 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, I 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 financial statement presentation.

I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Ventura County, Inc. as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

The prior year summarized comparative information has been derived from the United Way of Ventura County, Inc.'s 2016 financial statements and, in my report dated February 23, 2017; I expressed an unqualified opinion on those financial statements.

Poindexter and Company

Ventura, California
June 28, 2018

United Way of Ventura County
Statement of Financial Position
June 30, 2017
With Comparative Totals for 2016

	2017 Total Funds	2016 Total Funds
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents (Note 3)	\$ 155,673	\$ 263,331
Cash and Cash Equivalents - Restricted (Note 12)	49,378	49,378
Custodial Funds (Note 9)	3,594	3,594
Investments		22,052
Other Receivables	444	3,578
Grants Receivable	8,301	20,964
Pledges Receivable (Net of Allowance of \$98,001, Note 7)	472,718	386,184
Prepaid Expenses and Other Current Assets	21,188	26,015
Total Current Assets	711,296	775,096
<u>Equipment, Furniture and Software</u>		
Property and Equipment (Note 3 and 6)	139,033	139,033
Accumulated Depreciation (Note 3 and 6)	(126,026)	(113,024)
Net Equipment, Furniture and Software	13,007	26,009
<u>Other Assets</u>		
Other Assets	16,046	10,000
Total Other Assets	16,046	10,000
TOTAL ASSETS	\$ 740,349	\$ 811,105
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 65,175	\$ 52,068
Accrued Payroll and Related Liabilities	44,010	58,496
Custodial Fund Payable (Note 9)	3,594	3,594
Designations Payable	14,303	12,944
Allocations Payable	63,565	166,111
Deferred Revenue	65,875	65,300
Line of Credit (Note 12)	49,378	49,378
Total Current Liabilities	305,900	407,891
Total Liabilities	305,900	407,891
<u>Net Assets</u>		
Unrestricted:		
Undesignated (Note 14)	(608,491)	(654,578)
Unrestricted	(608,491)	(654,578)
Temporarily Restricted (Note 8)	1,042,940	1,057,792
Total Net Assets	434,449	403,214
TOTAL LIABILITIES AND NET ASSETS	\$ 740,349	\$ 811,105

United Way of Ventura County
Statement of Activities
For the Year Ended June 30, 2017
With Comparative Totals for 2016

	2017		2016	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Public Support:				
Annual Campaign	\$ 26,586	1,917,640	\$ 1,944,226	\$ 2,018,545
Net Assets Released from Restrictions	1,244,866	\$ (1,244,866)	0	0
Public Support - Initiatives	81,911		81,911	59,352
In-Kind Contributions	<u>17,752</u>		<u>17,752</u>	<u>16,483</u>
Gross Campaign Revenue	1,371,115	672,774	2,043,889	2,094,380
Less: Uncollectible Pledge Expense		(61,328)	(61,328)	(47,113)
Less: Donor Designated Contributions		<u>(626,298)</u>	<u>(626,298)</u>	<u>(594,696)</u>
Total Public Support	<u>1,371,115</u>	<u>(14,852)</u>	<u>1,356,263</u>	<u>1,452,571</u>
Revenue:				
Investment Income	2,386		2,386	2,353
Administrative Fees	8,362		8,362	8,362
Other Income	<u>173,273</u>		<u>173,273</u>	<u>179,717</u>
Total Revenue	<u>184,021</u>		<u>184,021</u>	<u>190,432</u>
Total Public Support and Revenue	<u>1,555,136</u>	<u>(14,852)</u>	<u>1,540,284</u>	<u>1,643,003</u>
EXPENSES				
Allocations and Other Program Services				
Funds Allocated to Agencies	32,438		32,438	114,097
Community and Agency Services	<u>1,064,712</u>		<u>1,064,712</u>	<u>1,089,316</u>
Total Allocations and Other Program Services	<u>1,097,150</u>		<u>1,097,150</u>	<u>1,203,413</u>
Supporting Services:				
Management and General	120,788		120,788	136,070
Fundraising	<u>275,499</u>		<u>275,499</u>	<u>269,081</u>
Total Supporting Services	<u>396,287</u>		<u>396,287</u>	<u>405,151</u>
Total Expenses	<u>1,493,437</u>		<u>1,493,437</u>	<u>1,608,564</u>
CHANGE IN NET ASSETS	<u>61,699</u>	<u>(14,852)</u>	<u>46,847</u>	<u>34,439</u>
Distribution of Net Assets (Note 15)	<u>(15,612)</u>		<u>(15,612)</u>	
NET ASSETS AT BEGINNING OF YEAR	(654,578)	1,057,792	403,214	404,557
Prior Period Adjustment				<u>(35,782)</u>
NET ASSETS AT BEGINNING OF YEAR-RESTATED	<u>(654,578)</u>	<u>1,057,792</u>	<u>403,214</u>	<u>368,775</u>
NET ASSETS AT END OF YEAR	<u>\$ (608,491)</u>	<u>\$ 1,042,940</u>	<u>\$ 434,449</u>	<u>\$ 403,214</u>

United Way of Ventura County
Statement of Functional Expenses
For the Year Ended June 30, 2017
With Comparative Totals for 2016

				2017	2016
	Allocations and Other Program Services	Management and General	Marketing and Fundraising	Total	Total
EXPENSES					
Funds Allocated to Agencies	\$ 32,438			\$ 32,438	\$ 114,097
Salaries	561,176	\$ 59,774	\$ 140,007	760,957	722,595
Payroll Taxes and Related Costs	45,784	5,329	12,214	63,327	57,961
Employee Health	73,889	11,257	18,283	103,429	104,290
Total Payroll and Related Benefits	680,849	76,360	170,504	927,713	884,846
Dues, Fees and Subscriptions	18,312	5,571	3,228	27,111	24,882
Donor Recognition	115	63	32	210	1,518
Education & Training	8,600	2,179	4,677	15,456	2,448
Information Systems	67,828	2,819	13,068	83,715	90,734
Insurance	6,639	1,811	3,622	12,072	12,278
Marketing and Advertising	17,143	577	1,091	18,811	38,156
Meetings	3,065	422	1,675	5,162	5,910
Miscellaneous	44,843	1,159	25,663	71,665	76,489
National Dues	13,257	7,232	3,616	24,105	20,454
Occupancy	116,372	11,390	25,030	152,792	151,683
Outside Services	27,502	405	5,810	33,717	42,135
Postage and Shipping	6,404	1,746	3,493	11,643	4,750
Printing, Duplication and Printing					
Media	3,205	582	1,098	4,885	6,555
Professional Fees	17,365	4,400	2,531	24,296	83,487
Supplies and Materials	3,391	1,947	3,576	8,914	6,333
Telephone and Network	8,300	719	2,006	11,025	10,419
Travel and Auto	11,619	437	2,649	14,705	17,754
Total Expenses Before Depreciation	1,054,809	119,819	273,369	1,447,997	1,480,831
Depreciation	9,903	969	2,130	13,002	13,636
Total Expense	\$ 1,097,150	\$ 120,788	\$ 275,499	\$ 1,493,437	\$ 1,608,564

United Way of Ventura County
Statement of Cash Flows
For Year Ended June 30, 2017
With Comparative Totals for 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 46,847</u>	<u>\$ 34,439</u>
Adjustments to Reconcile Excess/(Deficiency) of Revenues Over Expenses to Net Cash Provided/(Used) by Operating Activities		
Unrealized (Gain)/Loss on Investments	870	(870)
In-kind Donation of Stock		(21,182)
Uncollectible Pledge Expense	61,328	47,113
Depreciation	13,002	13,636
(Increase)/Decrease in Assets:		
Other Receivables	3,134	(2,115)
Grants Receivable	12,663	(20,964)
Pledges Receivable	(147,862)	(65,368)
Prepaid Expenses and Other Current Assets	4,827	(2,535)
Other Assets	(6,046)	3,351
Increase/(Decrease) in Liabilities:		
Accounts Payable	13,107	(39,996)
Accrued Payroll and Related Liabilities	(14,486)	(14,800)
Designations Payable	1,359	(8,839)
Allocations Payable	(102,546)	(43,059)
Deferred Revenue	<u>575</u>	<u>40,773</u>
Total Adjustments	<u>(160,075)</u>	<u>(114,855)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(113,228)</u>	<u>(80,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Investments	21,182	
Distribution of Net Assets	<u>(15,612)</u>	
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>5,570</u>	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(107,658)	(80,416)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>316,303</u>	<u>396,719</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	<u>\$ 208,645</u>	<u>\$ 316,303</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and Cash Equivalents	\$ 205,051	\$ 312,709
Custodial Funds	<u>3,594</u>	<u>3,594</u>
Cash and Cash Equivalents at End of Year	<u>\$ 208,645</u>	<u>\$ 316,303</u>
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	<u>\$ 1,810</u>	<u>\$ 1,672</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Inkind Contribution of Stocks	<u>\$ 0</u>	<u>\$ 21,182</u>

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 1 - PURPOSE AND NATURE OF ORGANIZATION

Nature of Activities

United Way of Ventura County ("United Way") raises funds throughout the year for the purpose of providing community impact support for social service needs and programs with a primary focus on education, income and health.

Note 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 28, 2018, the date that the financial statements were available to be issued.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets in accordance with FASB Accounting Codification (ASC) 958-205 and subsections. In addition, the Organization is required to present statements of functional expenses and cash flows.

Basis of Accounting

The financial statements have been prepared utilizing the accrual basis of accounting.

Total Funds Column on Prior Year Financial Statements

The total funds column for prior year financial statements is captioned with comparative totals to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles as each individual fund is not presented.

Public Support and Revenue

Public and private contracts, grants, and contributions are generally available for unrestricted use in the related fiscal year awarded unless specifically restricted by the funding source. Unconditional promises to give are recorded as received.

Amounts received that are designated for future periods or restricted by the payee for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2017

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in demand deposit accounts at banks and cash in money market accounts. Cash equivalents are considered all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Concentration of Credit Risk

Financial instruments that potentially subject the United Way to significant concentrations of credit risk consist principally of cash, investments and pledged contributions receivable. The United Way places its cash and investments with high-credit-quality financial institutions. At June 30, 2017, the United Way maintained no cash balances in excess of federally insured limits. Concentrations of credit risk with respect to pledged contributions receivable are limited due to the large number of donors.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Pledges Receivable

The Organization recorded unconditional promises to give cash. The fair value of pledges receivable is measured on a nonrecurring basis using an income approach with estimates of future cash flow based on experience with previous promises to give cash (Level 3 inputs).

Property and Depreciation

Intangibles, leasehold improvements, equipment and furniture and fixtures are recorded at cost or, if donated, at fair value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets prior to year end. Depreciation of buildings, improvements, equipment and vehicles is provided over the estimated useful lives, ranging from 3 to 10 years, of the respective assets on a straight-line basis. The Organization capitalizes all assets acquired through purchase or donation with a cost or fair value of greater than or equal to \$1,000, which are considered tangible personal or real property.

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations

Individual donors may designate all or part of their United Way gift to other tax-exempt agencies. In accordance with FASB Accounting Codification (ASC) 958 and subsections, these designations have been reduced from public support for the purpose of financial statement presentation.

Functional Expenses

Functional expenses are expensed as incurred. Certain costs are expensed directly to each function. Indirect costs are allocated based on various ratios of office space utilized by function and salaries incurred by function.

Income Tax Status

United Way is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and a similar exemption has been obtained from the State of California.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's federal exempt organization returns for 2013, 2014 and 2015 remain open to examination by the Internal Revenue Service; state exempt organization returns for 2012, 2013, 2014 and 2015 are open to examination. The Organization has concluded no material uncertain tax positions have been taken on any open returns. For the current year the Organization believes all tax positions are fully supportable by existing Federal law and related interpretations and there are no uncertain tax positions to consider.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions include, but are not limited to:

- depreciation
- allocation of expenses among program and supporting services
- allowance for uncollectible pledges

It is at least reasonably possible that the significant estimates used will change within the next year.

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 4 - DONATED MATERIALS, SERVICES, AND FACILITIES

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's fund-raising campaigns and programs. To the extent that contributions of materials and services are made under the control of the Organization, are objectively measurable, and represent program or support expenses, which would otherwise be incurred by the Organization's personnel, they are reflected in both public support and program expense in the accompanying financial statements. For the year-ended June 30, 2017, there are donated services that are specialized, which are expensed in both program and supporting services expenses.

Note 5 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

Most of the Organization's pledge receivables and public support are from donors located within Ventura County.

Note 6 - PROPERTY AND DEPRECIATION

Depreciation of intangibles, leasehold improvements, equipment, furniture and fixtures is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3-10 years. As of June 30, 2017, the historical costs and useful lives of such assets were as follows:

	<u>Est. Life</u>	<u>6/30/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/17</u>
Intangibles	3-5 yrs.	\$ 5,390			\$ 5,390
Leasehold Improvements	5-7 yrs.	13,770			13,770
Computer and Office Equipment	3-10 yrs.	68,080			68,080
Furniture and Fixtures	5-10 yrs.	<u>51,793</u>			<u>51,793</u>
Total Cost		139,033			139,033
Less: Accumulated Depreciation		<u>(113,024)</u>	<u>\$ (13,002)</u>		<u>(126,026)</u>
Net Fixed Assets		<u>\$ 26,009</u>	<u>\$ (13,002)</u>	<u>\$ 0</u>	<u>\$ 13,007</u>

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 7 - PLEDGES RECEIVABLE

Pledges receivable and changes in the allowance for doubtful accounts during the year ended June 30, 2017 are as follows:

Pledges Receivable, Due Within One Year - 2016 Campaign	\$ <u>570,719</u>
Allowance for Uncollectible Amounts:	
Balance, Beginning of Year	(115,682)
Add Provision for Uncollectible Pledges	(61,328)
Less Write-Offs of Uncollectible Pledges	<u>79,009</u>
Total Adjustments	<u>(98,001)</u>
Net Pledges Receivable	<u><u>\$ 472,718</u></u>

Note 8 - RESTRICTION ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Pledge Campaign 2016/2017 (Time Restricted)	\$ 885,349
Interface - 2-1-1 Benefit Kitchen	50,000
Community Impact	23,207
Oral Health	21,121
EITC	61,943
Americorps	<u>1,320</u>
Total	<u><u>\$ 1,042,940</u></u>

Note 9 - CUSTODIAL FUNDS

The United Way holds funds on behalf of other entities. The funds are disbursed only upon instructions from such entities. Included in cash and cash equivalents as well as other current liabilities at June 30, 2017 are custodial funds totaling \$3,594. The balances are comprised of the following:

LTR	\$ 3,114
Oxnard Fire	95
Oxnard Homeless Prevention Fund	6
Home for the Holidays	<u>379</u>
Total	<u><u>\$ 3,594</u></u>

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 10 - OPERATING LEASE OBLIGATIONS

The United Way leases its facility under an operating lease agreement, which commenced in December 2012. The lease expires in November 2017, and provides for an initial monthly payment of \$10,986, with annual escalations of 4%. A side letter agreement was entered into during 2013/2014 resulting in an additional annual payment of \$2,763, through November 2017. Rent expense totaled \$155,521 for the year ended June 30, 2017. In addition, the United Way shares a portion of the facility with another organization.

The following table details the annual rent requirements for the above lease as of June 30, 2017:

June 30, 2018	\$	65,252
June 30, 2019		0
June 30, 2020		0
June 30, 2021		0
June 30, 2022		0
June 30, 2023 and Thereafter		<u>0</u>
Total	<u>\$</u>	<u>65,252</u>

The United Way leases office equipment under operating lease agreements, which commenced in February 2017 and June 2015. The leases expire in January 2022 and September 2020, respectively, and provide for initial monthly payments of \$3,317 and \$277, respectively. Rent expense totaled \$19,910 for the year ended June 30, 2017.

The following table details the annual rent requirements for the above leases as of June 30, 2017:

June 30, 2018	\$	43,131
June 30, 2019		43,131
June 30, 2020		26,545
June 30, 2021		554
June 30, 2022		0
June 30, 2023 and Thereafter		<u>0</u>
Total	<u>\$</u>	<u>113,361</u>

The United Way leased new facility after year-end under an operating lease agreement, which commenced in September 2017. The lease expires in August 2024, and provides for an initial monthly payment of \$6,046, with various escalations throughout the lease. Rent expense totaled \$0 for the year ended June 30, 2017. In addition, the United Way shares a portion of the facility with another organization.

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 10 - OPERATING LEASE OBLIGATIONS (Continued)

The following table details the annual rent requirements for the above leases as of June 30, 2017:

June 30, 2018	\$	60,463
June 30, 2019		72,555
June 30, 2020		72,555
June 30, 2021		75,074
June 30, 2022		75,457
June 30, 2023 and Thereafter		<u>91,052</u>
Total	<u>\$</u>	<u>447,156</u>

Note 11 - RETIREMENT PLAN

The United Way sponsors a non-contributory defined contribution retirement plan which covers all employees who are at least 21 years of age and have completed one year of service. Total expense related to the Plan totaled \$29,007 for the year ended June 30, 2017.

Note 12 - LINE OF CREDIT

The Organization maintains a line of credit with a local bank. The line of credit is for a maximum of \$50,000 with interest at the prime rate, and matures on February 28, 2018. There was \$49,378 owed at June 30, 2017. The line of credit is secured by a deposit account at Union Bank in the amount of \$50,000, plus all interest which accrues thereon.

Note 13 - RELATED PARTY TRANSACTIONS

The Chair-Elect is the vice president, branch manager at a bank that the Organization maintains several bank accounts and has an outstanding line of credit. There was \$49,378 owed on the line of credit at June 30, 2017.

A board member is the vice president, district manager at a bank that the Organization maintains a bank account.

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 14 - CONTINGENCY

The negative unrestricted net assets have resulted from several prior years' deficit operating results. The Organization's policy has been to use each campaign years' net proceeds to fund community impact initiatives/collaboratives, make allocations to non-for-profit organizations and use the remaining funds in the following years' operations. The implication to donors through the solicitations and the pledge form is that their donations will be utilized for community impact in the future, after receipt of their pledge. The campaigns are held from approximately July to March each year and pledge receipts begin anytime from July through the following fiscal year. Operating deficits have resulted in the Organization borrowing from temporarily restricted net assets with time restrictions to fund current year operations.

In no case, has the Organization borrowed from temporarily restricted net assets committed to outside agencies to fund operations. The only assets committed to an outside agency are shown in three liability accounts on the balance sheet as of June 30, 2017:

Allocations Payable - Current	\$ <u>63,565</u>
Total	\$ <u><u>63,565</u></u>
Current Assets Supporting These Allocations Are:	
Cash and Cash Equivalents	\$ 205,051
Less Cash and Cash Equivalents (Note 13)	<u>(49,378)</u>
Current Assets	\$ <u><u>155,673</u></u>

Note 15 - DISTRIBUTION OF NET ASSETS

The board of directors authorized the separation of the VCLA program as a separate entity, effective July 1, 2016. The VCLA program maintained assets of \$15,612 as of June 30, 2016.

United Way of Ventura County
Notes to Financial Statements
June 30, 2017

Note 16 - FAIR VALUE MEASUREMENTS

Effective July 1, 2008, United Way adopted the accounting standards for fair value measurements. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 - Quoted prices that are readily available markets/exchanges for identical investments.

Level 2 - Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 - Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2017 using quoted market prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Accounts Reported as Cash	\$ 21,403			\$ 21,403
Pledges Receivable	_____		<u>\$472,718</u>	<u>472,718</u>
Total Assets	<u>\$ 21,403</u>	<u>\$ 0</u>	<u>\$472,718</u>	<u>\$494,121</u>

During 2017, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets or liabilities.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2017

Note 17 - GOING CONCERN

The principal conditions or events that raised substantial doubt about the ability of the Organization to continue as a going concern are the deficit unrestricted net asset balance and the ongoing cash flow shortages. Management has evaluated the significance of those conditions or events as they relate to the ability of the Organization to meet its obligations. The Organization has signed a new lease moving the office, which is anticipated to reduce overhead costs by approximately \$65,300 annually. Additionally, the Organization has reconfigured its telephone and alarm system, eliminated outside storage and eliminated one staff position resulting in \$55,800 of expense reduction, totaling \$121,000 of expense reductions. Subsequent to year-end, the Organization received \$160,000 in core operating support which enabled the Organization to pay-off and close its outstanding \$42,000 line of credit and release a \$50,000 certificate of deposit which was securing the line of credit to unrestricted reserve, and pay off \$118,000 in outstanding obligations for programs and other accounts payable. Management, the Finance Committee and the Audit Committee believe the actions above mitigate any future "going concern" issue at this time.