

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

**Audit Report and Financial Statements
June 30, 2018
With Comparative Totals for 2017**

Prepared by:

POINDEXTER AND COMPANY

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United Way of Ventura County, Inc.
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June 30, 2018

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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, 2018, 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, 2018, 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 2017 financial statements and, in my report dated June 28, 2018; I expressed an unqualified opinion on those financial statements.

Ventura, California
January 24, 2019

United Way of Ventura County, Inc.
Statement of Financial Position
June 30, 2018
With Comparative Totals for 2017

	2018	2017
	Total Funds	Total Funds
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents (Note 3)	\$ 2,964,590	\$ 155,673
Cash and Cash Equivalents - Restricted		49,378
Custodial Funds (Note 9)	3,594	3,594
Other Receivables	401	444
Grants Receivable	15,895	8,301
Pledges Receivable (Net of Allowance of \$124,933, Note 7)	417,465	472,718
Prepaid Expenses and Other Current Assets	31,027	21,188
Total Current Assets	3,432,972	711,296
<u>Equipment, Furniture and Software</u>		
Property and Equipment (Note 3 and 6)	139,050	139,033
Accumulated Depreciation (Note 3 and 6)	(118,703)	(126,026)
Net Equipment, Furniture and Software	20,347	13,007
<u>Other Assets</u>		
Other Assets	6,046	16,046
Total Other Assets	6,046	16,046
TOTAL ASSETS	\$ 3,459,365	\$ 740,349
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 68,797	\$ 65,175
Accrued Payroll and Related Liabilities	52,022	44,010
Custodial Fund Payable (Note 9)	3,594	3,594
Designations Payable		14,303
Allocations Payable	(20)	63,565
Deferred Revenue	17,508	65,875
Line of Credit		49,378
Total Current Liabilities	141,901	305,900
Total Liabilities	141,901	305,900
<u>Net Assets</u>		
Unrestricted:		
Undesignated (Note 13)	(470,107)	(608,491)
Unrestricted	(470,107)	(608,491)
Temporarily Restricted (Note 8)	3,787,571	1,042,940
Total Net Assets	3,317,464	434,449
TOTAL LIABILITIES AND NET ASSETS	\$ 3,459,365	\$ 740,349

United Way of Ventura County, Inc.
Statement of Activities
For the Year Ended June 30, 2018
With Comparative Totals for 2017

	2018		2017	
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Public Support:				
Annual Campaign	\$ 167,655	\$ 6,688,757	\$ 6,856,412	\$ 1,944,226
Net Assets Released from Restrictions	3,373,031	(3,373,031)	0	0
Public Support - Initiatives	107,571		107,571	81,911
In-Kind Contributions	23,299		23,299	17,752
Gross Campaign Revenue	<u>3,671,556</u>	<u>3,315,726</u>	<u>6,987,282</u>	<u>2,043,889</u>
Less: Uncollectible Pledge Expense		(138,320)	(138,320)	(61,328)
Less: Donor Designated Contributions		<u>(432,775)</u>	<u>(432,775)</u>	<u>(626,298)</u>
Total Public Support	<u><u>3,671,556</u></u>	<u><u>2,744,631</u></u>	<u><u>6,416,187</u></u>	<u><u>1,356,263</u></u>
Revenue:				
Investment Income	(785)		(785)	2,386
Administrative Fees	7,836		7,836	8,362
Gain/(Loss) on Disposal of Assets	(754)		(754)	
Other Income	<u>193,485</u>		<u>193,485</u>	<u>173,273</u>
Total Revenue	<u><u>199,782</u></u>		<u><u>199,782</u></u>	<u><u>184,021</u></u>
Total Public Support and Revenue	<u><u>3,871,338</u></u>	<u><u>2,744,631</u></u>	<u><u>6,615,969</u></u>	<u><u>1,540,284</u></u>
EXPENSES				
Allocations and Other Program Services				
Funds Allocated to Agencies	2,142,281		2,142,281	32,438
Community and Agency Services	<u>1,041,755</u>		<u>1,041,755</u>	<u>1,064,712</u>
Total Allocations and Other Program Services	<u><u>3,184,036</u></u>		<u><u>3,184,036</u></u>	<u><u>1,097,150</u></u>
Supporting Services:				
Management and General	182,280		182,280	120,788
Fundraising	<u>366,638</u>		<u>366,638</u>	<u>275,499</u>
Total Supporting Services	<u><u>548,918</u></u>		<u><u>548,918</u></u>	<u><u>396,287</u></u>
Total Expenses	<u><u>3,732,954</u></u>		<u><u>3,732,954</u></u>	<u><u>1,493,437</u></u>
CHANGE IN NET ASSETS	138,384	2,744,631	2,883,015	46,847
Distribution of Net Assets				(15,612)
NET ASSETS AT BEGINNING OF YEAR	<u>(608,491)</u>	<u>1,042,940</u>	<u>434,449</u>	<u>403,214</u>
NET ASSETS AT END OF YEAR	<u><u>\$ (470,107)</u></u>	<u><u>\$ 3,787,571</u></u>	<u><u>\$ 3,317,464</u></u>	<u><u>\$ 434,449</u></u>

United Way of Ventura County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018
With Comparative Totals for 2017

				2018	2017
	Allocations and Other Program Services	Management and General	Marketing and Fundraising	Total	Total
EXPENSES					
Funds Allocated to Agencies	\$ 2,142,281			\$ 2,142,281	\$ 32,438
Salaries	507,654	\$ 80,978	\$ 168,985	757,617	760,957
Payroll Taxes and Related Costs	38,013	7,013	15,193	60,219	63,327
Employee Health	57,101	12,051	27,895	97,047	103,429
Total Payroll and Related Benefits	602,768	100,042	212,073	914,883	927,713
Dues, Fees and Subscriptions	4,605	4,013	8,122	16,740	27,111
Donor Recognition	285	191	478	954	210
Education & Training	3,412	1,762	4,124	9,298	15,456
Information Systems	57,959	5,298	16,748	80,005	83,715
Insurance	3,158	2,106	5,265	10,529	12,072
Marketing and Advertising	46,176	512	10,388	57,076	18,811
Meetings	3,660	872	2,649	7,181	5,760
Miscellaneous	138,959	172	12,825	151,956	68,304
Unallocated Payments to National Organization		20,895		20,895	24,105
Occupancy	91,356	25,808	52,607	169,771	155,555
Outside Services	53,282	5,083	15,208	73,573	33,717
Postage and Shipping	4,603	1,089	2,722	8,414	11,643
Printing, Duplication and Printing Media	3,249	798	2,594	6,641	4,885
Professional Fees	4,259	9,693	5,727	19,679	24,296
Supplies and Materials	2,518	752	5,871	9,141	8,914
Telephone and Network	6,375	1,640	2,900	10,915	11,025
Travel and Auto	11,232	453	4,557	16,242	14,705
Total Expenses Before Depreciation	1,037,856	181,179	364,858	1,583,893	1,447,997
Depreciation	3,899	1,101	1,780	6,780	13,002
Total Expense	\$ 3,184,036	\$ 182,280	\$ 366,638	\$ 3,732,954	\$ 1,493,437

United Way of Ventura County, Inc.
Statement of Cash Flows
For Year Ended June 30, 2018
With Comparative Totals for 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 2,883,015</u>	<u>\$ 46,847</u>
Adjustments to Reconcile Excess/(Deficiency) of Revenues Over Expenses to Net Cash Provided/(Used) by Operating Activities		
Unrealized (Gain)/Loss on Investments		870
(Gain)/Loss on Disposal of Assets	754	
Uncollectible Pledge Expense	138,320	61,328
Depreciation	6,780	13,002
(Increase)/Decrease in Assets:		
Other Receivables	43	3,134
Grants Receivable	(7,594)	12,663
Pledges Receivable	(83,067)	(147,862)
Prepaid Expenses and Other Current Assets	(9,839)	4,827
Other Assets	10,000	(6,046)
Increase/(Decrease) in Liabilities:		
Accounts Payable	3,622	13,107
Accrued Payroll and Related Liabilities	8,012	(14,486)
Designations Payable	(14,303)	1,359
Allocations Payable	(63,585)	(102,546)
Deferred Revenue	<u>(48,367)</u>	<u>575</u>
Total Adjustments	<u>(59,224)</u>	<u>(160,075)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>2,823,791</u>	<u>(113,228)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(14,874)	
Proceeds from the Sale of Investments		21,182
Distribution of Net Assets		<u>(15,612)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>(14,874)</u>	<u>5,570</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Operational Line of Credit Payable	<u>(49,378)</u>	<u>0</u>
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	<u>(49,378)</u>	<u>0</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,759,539	(107,658)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>208,645</u>	<u>316,303</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	<u><u>\$ 2,968,184</u></u>	<u><u>\$ 208,645</u></u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and Cash Equivalents	\$ 2,964,590	\$ 205,051
Custodial Funds	<u>3,594</u>	<u>3,594</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,968,184</u></u>	<u><u>\$ 208,645</u></u>
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	<u><u>\$ 3,796</u></u>	<u><u>\$ 1,810</u></u>

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2018

Note 1 - PURPOSE AND NATURE OF ORGANIZATION

Nature of Activities

United Way of Ventura County, Inc. ("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 January 24, 2019, 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, 2018

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, 2018, 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, Inc.

Notes to Financial Statements

June 30, 2018

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 2014, 2015 and 2016 remain open to examination by the Internal Revenue Service; state exempt organization returns for 2013, 2014, 2015 and 2016 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, Inc.

Notes to Financial Statements

June 30, 2018

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, 2018, 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, 2018, the historical costs and useful lives of such assets were as follows:

	<u>Est. Life</u>	<u>6/30/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/18</u>
Intangibles	3-5 yrs.	\$ 5,390			\$ 5,390
Leasehold Improvements	5-7 yrs.	13,770		\$ (12,670)	1,100
Computer and Office Equipment	3-10 yrs.	68,080	\$ 1,290	(2,187)	67,183
Furniture and Fixtures	5-10 yrs.	<u>51,793</u>	<u>13,584</u>		<u>65,377</u>
Total Cost		139,033	14,874	(14,857)	139,050
Less: Accumulated Depreciation		<u>(126,026)</u>	<u>(6,780)</u>	<u>14,103</u>	<u>(118,703)</u>
Net Fixed Assets		<u>\$ 13,007</u>	<u>\$ 8,094</u>	<u>\$ (754)</u>	<u>\$ 20,347</u>

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2018

Note 7 - PLEDGES RECEIVABLE

Pledges receivable and changes in the allowance for doubtful accounts during the year ended June 30, 2018 are as follows:

Pledges Receivable, Due Within One Year - 2017 Campaign	\$ <u>542,398</u>
Allowance for Uncollectible Amounts:	
Balance, Beginning of Year	(98,001)
Add Provision for Uncollectible Pledges	(138,320)
Less Write-Offs of Uncollectible Pledges	<u>111,388</u>
Total Adjustments	<u>(124,933)</u>
Net Pledges Receivable	<u><u>\$ 417,465</u></u>

Note 8 - RESTRICTION ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Pledge Campaign 2017/2018 (Time Restricted)	\$ 846,600
Interface - 2-1-1 Benefit Kitchen (Program Restricted)	59,699
Graduation (Program Restricted)	1,963
EITC (Program Restricted)	71,943
WLC (Program Restricted)	27,015
Oral Health (Program Restricted)	26,269
Thomas Fire and Flood Fund Operating Expenses (Program Restricted)	218,523
Thomas Fire and Flood Fund Victims (Program Restricted)	<u>2,535,559</u>
Total	<u><u>\$ 3,787,571</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, 2018 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, Inc.

Notes to Financial Statements

June 30, 2018

Note 10 - OPERATING LEASE OBLIGATIONS

The United Way leases its facility under an operating lease agreement, which commenced in December 2012. The lease expired 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 \$67,263 for the year ended June 30, 2018. 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, 2018:

June 30, 2019	\$	0
June 30, 2020		0
June 30, 2021		0
June 30, 2022		0
June 30, 2023		0
June 30, 2024 and Thereafter		<u>0</u>
Total	\$	<u><u>0</u></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 \$3,333 and \$298, respectively. Rent expense totaled \$43,574 for the year ended June 30, 2018.

The following table details the annual rent requirements for the above leases as of June 30, 2018:

June 30, 2019	\$	43,574
June 30, 2020		43,574
June 30, 2021		40,589
June 30, 2022		23,329
June 30, 2023		0
June 30, 2024 and Thereafter		<u>0</u>
Total	\$	<u><u>151,066</u></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 \$54,416 for the year ended June 30, 2018. In addition, the United Way shares a portion of the facility with another organization.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2018

Note 10 - OPERATING LEASE OBLIGATIONS (Continued)

The following table details the annual rent requirements for the above leases as of June 30, 2018:

June 30, 2019	\$	72,555
June 30, 2020		72,555
June 30, 2021		74,974
June 30, 2022		75,457
June 30, 2023		75,457
June 30, 2024 and Thereafter		<u>91,052</u>
Total	\$	<u>462,050</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 \$24,846 for the year ended June 30, 2018.

Note 12 - RELATED PARTY TRANSACTIONS

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

Note 13 - 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.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2018

Note 14 - 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, 2018 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	\$ 25,898			\$ 25,898
Pledges Receivable			\$417,465	417,465
Total Assets	<u>\$ 25,898</u>	<u>\$ 0</u>	<u>\$417,465</u>	<u>\$443,363</u>

During 2017/2018, 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, 2018

Note 15 - 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. 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 in September 2017, which has reduced overhead costs by approximately \$88,875 annually. In 2017/2018, the Organization received \$160,000 in core operating support which enabled the Organization to pay-off and close its outstanding 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.

The board of directors, management and the finance committee have committed to budgeting and producing operating budgets with at least \$50,000 in surplus, in order to reduce the unrestricted net assets to a positive balance over the next five to eight years. Actions taken in fiscal year 2018/2019 to accomplish this goal include: maintaining staffing levels that can be supported by unrestricted cash receipts, seeking and writing grants for core operating support (\$100,000 in fiscal year 2018/2019); converting local Thomas Fire and Flood Fund donors to community impact donors; maintaining a Charity Navigator rating of at least three. Management, the finance committee and the audit committee believe the actions above mitigate any future "going concern" issue at this time.