

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

**Audit Report and Financial Statements
June 30, 2019
With Comparative Totals for 2018**

Prepared by:

POINDEXTER AND COMPANY

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United Way of Ventura County, Inc.
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June 30, 2019

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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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

I have previously audited the United Way of Ventura County, Inc.'s 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statement in my report dated January 24, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ventura, California
April 23, 2020

United Way of Ventura County, Inc.
Statement of Financial Position
June 30, 2019
With Comparative Totals for 2018

	2019	2018
	Total Funds	Total Funds
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents (Note 3)	\$ 1,606,291	\$ 2,964,590
Custodial Funds (Note 9)	3,114	3,594
Other Receivables	401	401
Grants Receivable	47,579	15,895
Pledge Receivable, Net of Allowance of \$32,300, Note 7	289,212	417,465
Prepaid Expenses and Other Current Assets	41,909	31,027
Total Current Assets	1,988,506	3,432,972
<u>Equipment, Furniture and Software</u>		
Property and Equipment (Note 3 and 6)	36,470	139,050
Accumulated Depreciation (Note 3 and 6)	(19,427)	(118,703)
Net Equipment, Furniture and Software	17,043	20,347
<u>Other Assets</u>		
Other Assets	6,046	6,046
Total Other Assets	6,046	6,046
TOTAL ASSETS	\$ 2,011,595	\$ 3,459,365
 LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 92,679	\$ 68,797
Accrued Payroll and Related Liabilities	38,371	52,022
Custodial Fund Payable (Note 9)	3,114	3,594
Allocations Payable		(20)
Deferred Revenue	30,803	17,508
Total Current Liabilities	164,967	141,901
Total Liabilities	164,967	141,901
<u>Net Assets</u>		
Net Assets Without Restrictions:		
Undesignated	446,829	(470,107)
Net Assets Without Restrictions	446,829	(470,107)
Net Assets With Restrictions (Note 8)	1,399,799	3,787,571
Total Net Assets	1,846,628	3,317,464
TOTAL LIABILITIES AND NET ASSETS	\$ 2,011,595	\$ 3,459,365

United Way of Ventura County, Inc.
Statement of Activities
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	2019		2018	
	Net Assets Without Restrictions	Net Assets With Restrictions	Total	Total
SUPPORT AND REVENUE				
Public Support:				
Annual Campaign	\$ 1,347,477	\$ 562,699	\$ 1,910,176	\$ 6,856,412
Net Assets Released from Restrictions:				
Satisfaction of Program Restriction	1,971,205	(1,971,205)	0	0
Expiration of Time Restriction	0	0	0	0
Net Assets Released from Restrictions	1,971,205	(1,971,205)	0	0
Public Support - Initiatives	101,955		101,955	107,571
In-Kind Contributions	28,209		28,209	23,299
Gross Campaign Revenue	3,448,846	(1,408,506)	2,040,340	6,987,282
Less: Uncollectible Pledge Expense	(19,774)		(19,774)	(138,320)
Less: Donor Designated Contributions	(528,523)		(528,523)	(432,775)
Special Events - Gross	192,335		192,335	180,667
Cost of Direct Benefits	(84,524)		(84,524)	(116,073)
Net Special Events	107,811		107,811	64,594
Total Public Support	3,008,360	(1,408,506)	1,599,854	6,480,781
Revenue:				
Investment Income, Net of Investment Expenses	(358)		(358)	(785)
Administrative Fees	13,040		13,040	19,169
Gain/(Loss) on Disposal of Capital Assets				(754)
Other Income	4,801		4,801	1,485
Total Revenue	17,483		17,483	19,115
Total Public Support and Revenue	3,025,843	(1,408,506)	1,617,337	6,499,896
EXPENSES				
Allocations and Other Program Services				
Program Services Awards/Distributions	1,706,319		1,706,319	2,142,281
Community and Agency Services	808,578		808,578	949,721
Total Allocations and Other Program Services	2,514,897		2,514,897	3,092,002
Supporting Services:				
Management and General	231,593		231,593	182,166
Fundraising	341,683		341,683	342,713
Total Supporting Services	573,276		573,276	524,879
Total Expenses	3,088,173		3,088,173	3,616,881
CHANGE IN NET ASSETS	(62,330)	(1,408,506)	(1,470,836)	2,883,015
NET ASSETS AT BEGINNING OF YEAR	(470,107)	3,787,571	3,317,464	434,449
Prior Period Adjustment (Note 15)	979,266	(979,266)	0	
NET ASSETS AT BEGINNING OF YEAR-RESTATED	509,159	2,808,305	3,317,464	434,449
NET ASSETS AT END OF YEAR	\$ 446,829	\$ 1,399,799	\$ 1,846,628	\$ 3,317,464

United Way of Ventura County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

				2019	2018
	Allocations and Other Program Services	Management and General	Marketing and Fundraising	Total	Total
EXPENSES					
Program Services Awards/Distributions	\$ 1,706,319			\$ 1,706,319	\$ 2,142,281
Salaries	438,702	\$ 115,489	\$ 187,194	741,385	757,617
Payroll Taxes and Related Costs	34,386	9,843	16,732	60,961	60,219
Employee Health	<u>60,859</u>	<u>19,463</u>	<u>22,881</u>	<u>103,203</u>	<u>97,047</u>
Total Payroll and Related Benefits	533,947	144,795	226,807	905,549	914,883
Dues, Fees and Subscriptions	7,412	4,102	9,477	20,991	47,257
Education & Training	1,364	48	1,296	2,708	9,298
Information Systems	59,026	5,598	13,905	78,529	80,005
Insurance	2,657	1,771	4,429	8,857	10,529
Marketing and Advertising	33,129	31	11,133	44,293	47,942
Meetings	2,788	1,172	3,278	7,238	6,334
Miscellaneous	432	288	720	1,440	30,466
Payments to National Organization	5,968	3,979	9,947	19,894	20,895
Occupancy	61,334	17,659	23,974	102,967	158,871
Outside Services	71,800	32,708	15,080	119,588	73,573
Postage and Shipping	2,665	1,200	2,999	6,864	8,414
Printing, Duplication and Printing					
Media	4,188	942	2,730	7,860	6,641
Professional Fees	4,675	13,831	8,488	26,994	19,679
Supplies and Materials	1,465	1,021	2,170	4,656	5,876
Telephone and Network	5,292	1,400	1,989	8,681	10,915
Travel and Auto	<u>8,468</u>	<u>481</u>	<u>2,492</u>	<u>11,441</u>	<u>16,242</u>
Total Expenses Before Depreciation	806,610	231,026	340,914	1,378,550	1,467,820
Depreciation	<u>1,968</u>	<u>567</u>	<u>769</u>	<u>3,304</u>	<u>6,780</u>
Total Expense	<u>\$ 2,514,897</u>	<u>\$ 231,593</u>	<u>\$ 341,683</u>	<u>\$ 3,088,173</u>	<u>\$ 3,616,881</u>

United Way of Ventura County, Inc.
Statement of Cash Flows
For Year Ended June 30, 2019
With Comparative Totals for 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (1,470,836)</u>	<u>\$ 2,883,015</u>
Adjustments to Reconcile Excess/(Deficiency) of Revenues Over Expenses to Net Cash Provided/(Used) by Operating Activities		
(Gain)/Loss on Disposal of Assets		754
Uncollectible Pledge Expense	19,774	138,320
Depreciation	3,304	6,780
(Increase)/Decrease in Assets:		
Other Receivables		43
Grants Receivable	(31,684)	(7,594)
Pledges Receivable	108,479	(83,067)
Prepaid Expenses and Other Current Assets	(10,882)	(9,839)
Other Assets		10,000
Increase/(Decrease) in Liabilities:		
Accounts Payable	23,882	3,622
Accrued Payroll and Related Liabilities	(13,651)	8,012
Custodial Fund Payable	(480)	
Designations Payable		(14,303)
Allocations Payable	20	(63,585)
Deferred Revenue	<u>13,295</u>	<u>(48,367)</u>
Total Adjustments	<u>112,057</u>	<u>(59,224)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(1,358,779)</u>	<u>2,823,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Equipment		<u>(14,874)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES		<u>(14,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Operational Line of Credit Payable		<u>(49,378)</u>
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES		<u>(49,378)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,358,779)	2,759,539
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,968,184</u>	<u>208,645</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	<u>\$ 1,609,405</u>	<u>\$ 2,968,184</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and Cash Equivalents	\$ 1,606,291	\$ 2,964,590
Custodial Funds	<u>3,114</u>	<u>3,594</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,609,405</u>	<u>\$ 2,968,184</u>
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	<u>\$ 337</u>	<u>\$ 3,796</u>

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

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, health and homelessness.

Disaster relief is also a vital component in United Way's fight to end poverty. The United Way works closely with other private and public agencies, including local, statewide and national, in addressing disaster preparedness and response through its membership in Volunteer Organizations Active in Disaster and participation with the Ventura County Long Term Disaster Recovery Committee.

In response to the Thomas Fire and Flood events of December 2017, and the Woolsey and Hill wildfires of November 2018, the United Way has received donor restricted contributions of \$4,585,364 and \$381,570 in the fiscal years ended June 30, 2018 and June 30, 2019, respectively. As of June 30, 2019, approximately 27% or \$1,319,096 of these donor restricted funds remain available for distribution. The United Way is a participant in, and a major source of funding for, the Ventura County Long Term Disaster Recovery Committee ("VC LTRG").

The VC LTDRG financial assistance is intended as a last stop - to fill gaps after federal, insurance and other recovery sources have provided support. Disaster case managers present requests for clients based on their recovery plan and unmet needs.

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 April 23, 2020, 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 two classes of net assets: "net assets without restrictions" and "net assets with restrictions" 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.

Accounting Pronouncements Adopted

The Organization has adopted, as of July 1, 2018, the FASB's ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Among other changes, ASU 2016-14 replaces the prior requirement to present three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes, net assets with donor restrictions and net assets without donor restrictions.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

The classification of net assets at the beginning of the year have been reclassified to conform with the current year financial statement presentation.

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 net assets with restrictions (temporarily or permanently restricted) support that increases that net asset class. When a temporary restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with restrictions are reclassified as net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

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, 2019, in connection with the donor restricted funds designated for disaster relief, the United Way maintained cash balances in an interest-bearing savings account with the largest commercial bank (assets) in the United States in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits by \$1,094,067. All other cash balances of the United Way were in accounts within federally insured limits. Concentrations of credit risk with respect to pledged contributions receivable are limited due to the large number of donors.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets without restrictions 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.

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 support with no restrictions 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 support with restrictions. 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 net assets with restrictions to net assets without restrictions 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.

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. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Certain costs are expensed directly to each function. Indirect costs require allocation on a reasonable basis that is consistently applied. These expenses that are allocated include depreciation, information technology, telephone and networking costs, and office and occupancy expenses which are allocated on a relative head-count basis. Additionally, certain shared salaries and related benefits expenses are allocated on the basis of estimates of time and effort.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015, 2016 and 2017 remain open to examination by the Internal Revenue Service; state exempt organization returns for 2014, 2015, 2016 and 2017 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.

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, 2019, there are no donated services that require specialized skills.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

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, 2019, the historical costs and useful lives of such assets were as follows:

	<u>Est. Life</u>	<u>6/30/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/19</u>
Intangibles	3-5 yrs.	\$ 5,390			\$ 5,390
Leasehold Improvements	5-7 yrs.	1,100			1,100
Computer and Office Equipment	3-10 yrs.	67,183		\$ (58,823)	8,360
Furniture and Fixtures	5-10 yrs.	<u>65,377</u>		<u>(43,757)</u>	<u>21,620</u>
Total Cost		139,050		(102,580)	36,470
Less: Accumulated Depreciation		<u>(118,703)</u>	\$ (3,304)	<u>102,580</u>	<u>(19,427)</u>
Net Fixed Assets		<u>\$ 20,347</u>	<u>\$ (3,304)</u>	<u>\$ 0</u>	<u>\$ 17,043</u>

The disposal in the current year of fully depreciated assets with a total original historical cost amount of \$102,580 is principally due to the United Way relocating its offices in September 2017 to more economical space and abandoning in-place certain leasehold improvements and office furniture that were either not capable or economically feasible to relocate.

Note 7 - PLEDGES RECEIVABLE

Pledges receivable and changes in the allowance for doubtful accounts during the year ended June 30, 2019 are as follows:

Pledges Receivable, Due Within One Year - 2018 Campaign	<u>\$ 321,512</u>
Allowance for Uncollectible Amounts:	
Balance, Beginning of Year	(124,933)
Add Provision for Uncollectible Pledges	(19,774)
Less Write-Offs of Uncollectible Pledges	<u>112,407</u>
Total Adjustments	<u>(32,300)</u>
Net Pledges Receivable	<u>\$ 289,212</u>

The Organization treats uncollectible pledges as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Organization's control.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 8 - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2019 are available for the following purposes or periods:

Subject to Expenditure for Specific Purpose:

Oral Health (Program Restricted)	\$ 7,951
WLC (Program Restricted)	9,191
Benefit Kitchen (Program Restricted)	3,300
Thomas Fire and Flood Fund Operating Expenses (Program Restricted)	60,261
Thomas Fire and Flood Fund Victims (Program Restricted)	<u>1,319,096</u>
 Total	 <u>\$ 1,399,799</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, 2019 are custodial funds totaling \$3,114. The balances are comprised of the following:

LTR	<u>\$ 3,114</u>
 Total	 <u>\$ 3,114</u>

Note 10 - OPERATING LEASE OBLIGATIONS

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, 2019.

The following table details the annual rent requirements for the above leases as of June 30, 2019:

June 30, 2020	\$ 43,574
June 30, 2021	40,589
June 30, 2022	23,329
June 30, 2023	0
June 30, 2024	0
June 30, 2025 and Thereafter	<u>0</u>
 Total	 <u>\$ 107,492</u>

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 10 - OPERATING LEASE OBLIGATIONS (Continued)

The United Way leased a facility 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 \$72,555 for the year ended June 30, 2019. 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 leases as of June 30, 2019:

June 30, 2020	\$	72,555
June 30, 2021		74,974
June 30, 2022		75,457
June 30, 2023		75,457
June 30, 2024		75,457
June 30, 2025 and Thereafter		<u>15,595</u>
Total	\$	<u>389,495</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 retirement plan contribution expense related to the Plan totaled \$21,330 for the year ended June 30, 2019.

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.

A board member is the executive director, at a financial institution that the Organization maintains an account.

A board member, is an insurance agent that the Organization maintains insurance policies with.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 13 - 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, 2019 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	\$ 40,842			\$ 40,842
Pledges Receivable	_____		\$321,512	<u>321,512</u>
Total Assets	<u>\$ 40,842</u>	<u>\$ 0</u>	<u>\$321,512</u>	<u>\$362,354</u>

During 2018/2019, 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, 2019

Note 14 - LIQUIDITY AND AVAILABILITY

Financial Assets, at Year End:	
Cash and Cash Equivalents	\$ 1,606,291
Other Receivable	401
Grants Receivable	47,579
Pledges Receivable, Net of Allowance	<u>289,212</u>
Total Financial Assets, at Year End	1,943,483
Less Those Unavailable for General Expenditures Within One Year, Due To:	
Donor-Imposed Purpose Restrictions	<u>(1,399,799)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 543,684</u>

Note 15 - PRIOR PERIOD ADJUSTMENT

The Organization has restated the amount of net assets held without donor restrictions and the amount held with donor restrictions as of the beginning date for the period presented, i.e. the fiscal year ended June 30, 2019. The Organization's previously issued financial statements have classified unconditional promises to give by donors as being temporarily restricted as was done in earlier years when the Organization would internally designate them for investment with partner agencies in the following fiscal year. The Organization has now fully transitioned away from this business model as the Organization began the adoption of the Community Impact model in 2005.

In the current reporting period, the Organization has determined that their prior financial statement presentation of the amount of net assets held as being temporarily restricted was overstated and in error due to:

- the Organization's adoption, as of July 1, 2018, of the FASB's ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, and
- the Organization's adoption and implementation of its Strategy Roadmap July 2018 - June 2020.

ASU 2016-14 replaces the requirement to present three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes, net assets with donor restrictions and net assets without donor restrictions.

The Strategy Roadmap reconfirms the Organization's transition to the Community Impact model that was begun in 2005. The Community Impact model's areas of focus – education, income (financial stability), health, and homelessness seek to improve lives within the community through the Organization's efforts as well as through their efforts to mobilize the financial resources of their community and investing them in direct service programs with outstanding partner agencies.

United Way of Ventura County, Inc.

Notes to Financial Statements

June 30, 2019

Note 16 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a Coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Organization's activities. The financial impact that could occur though such potential impact is unknown at this time.