

KISHWAUKEE UNITED WAY

Financial Statements

June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)

KISHWAUKEE UNITED WAY

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BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.BenningGroup.com

Independent Auditor's Report

Board of Directors
Kishwaukee United Way
DeKalb, Illinois

We have audited the accompanying financial statements Kishwaukee United Way (a nonprofit organization), which comprise the statement of financial position 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kishwaukee United Way as of June 30 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Kishwaukee United Way as of June 30, 2017 were audited by other auditors whose report dated December 26, 2017 expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Bearing Group, LLC". The signature is written in a cursive, flowing style.

Freeport, Illinois
February 19, 2019

KISHWAUKEE UNITED WAY
Statements of Financial Position
June 30, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 161,316	116,834
Restricted cash	7,750	4,194
Pledges receivable, net of allowance	<u>24,520</u>	<u>29,008</u>
Total current assets	193,586	150,036
Property and equipment, net	132	275
Long-term restricted cash	<u>6,539</u>	<u>12,381</u>
	\$ <u>200,257</u>	<u>162,692</u>
Liabilities and Net Assets		
Current liabilities:		
Allocations payable	\$ 152,980	151,167
Payroll taxes payable	<u>1,895</u>	<u>1,895</u>
Total current liabilities	<u>154,875</u>	<u>153,062</u>
Net Assets:		
Unrestricted	29,093	(6,945)
Temporarily restricted	<u>16,289</u>	<u>16,575</u>
Total net assets	<u>45,382</u>	<u>9,630</u>
	\$ <u>200,257</u>	<u>162,692</u>

See accompanying notes to financial statements.

KISHWAUKEE UNITED WAY
Statement of Activities
For the Year Ended June 30, 2018

	2018		
	Unrestricted	Temporarily Restricted	Total
Public support:			
Campaign contributions	\$ 211,584	-	211,584
Other contributions	1,113	-	1,113
Grants	6,675	2,000	8,675
Fundraising events, net of expenses of \$14,627	37,954	-	37,954
Net assets released from restrictions	2,286	(2,286)	-
Total public support	<u>259,612</u>	<u>(286)</u>	<u>259,326</u>
Revenues:			
DeKalb County Community Foundation distribution	95,921	-	95,921
Interest income	110	-	110
Miscellaneous income	12,909	-	12,909
Other revenue	2,000	-	2,000
Total revenues	<u>110,940</u>	<u>-</u>	<u>110,940</u>
Total public support and revenues	<u>370,552</u>	<u>(286)</u>	<u>370,266</u>
Expenses:			
Program services	249,825	-	249,825
Management and general	41,229	-	41,229
Fundraising	43,460	-	43,460
Total expenses	<u>334,514</u>	<u>-</u>	<u>334,514</u>
Change in net assets	36,038	(286)	35,752
Net assets, beginning of year	<u>(6,945)</u>	<u>16,575</u>	<u>9,630</u>
Net assets, end of year	<u>\$ 29,093</u>	<u>16,289</u>	<u>45,382</u>

See accompanying notes to financial statements.

KISHWAUKEE UNITED WAY
Statement of Activities
For the Year Ended June 30, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
Public support:			
Campaign contributions	\$ 165,447	-	165,447
Other contributions	12,170	23,825	35,995
Grants	575	-	575
Fundraising events, net of expenses of \$15,553	26,612	-	26,612
Net assets released from restrictions	7,905	(7,905)	-
Total public support	212,709	15,920	228,629
 Revenue:			
DeKalb County Community Foundation distribution	89,888	-	89,888
Interest income	121	-	121
Miscellaneous income	6,490	-	6,490
Total revenues	96,499	-	96,499
Total public support and revenues	309,208	15,920	325,128
 Expenses:			
Program services	222,399	-	222,399
Management and general	34,411	-	34,411
Fundraising	32,323	-	32,323
Total expenses	289,133	-	289,133
 Change in net assets	20,075	15,920	35,995
Net assets, beginning of year	(27,020)	655	(26,365)
Net assets, end of year	\$ (6,945)	16,575	9,630

See accompanying notes to financial statements.

KISHWAUKEE UNITED WAY

Statements of Functional Expenses

For the Years Ended June 30, 2018 and 2017

	2018			2017				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 28,485	28,484	28,484	85,453	20,578	20,577	20,578	61,733
Payroll taxes	2,161	2,161	2,161	6,483	1,543	1,543	1,543	4,629
Benefits	582	583	583	1,748	581	580	581	1,742
Supplies	678	678	678	2,034	559	559	559	1,677
Occupancy	2,700	2,700	2,700	8,100	2,700	2,700	2,700	8,100
Insurance	76	1,133	302	1,511	120	1,794	479	2,393
Utilities	385	385	385	1,155	767	767	767	2,301
Equipment maintenance	1,397	699	699	2,795	751	375	376	1,502
Marketing	60	-	-	60	111	-	-	111
Travel	677	68	610	1,355	276	27	248	551
Dues and subscriptions	1,964	1,964	1,964	5,892	882	882	882	2,646
Professional fees	2,232	2,231	2,231	6,694	1,928	1,929	1,928	5,785
Campaign	-	-	2,663	2,663	-	-	1,682	1,682
Agency and program allocations	183,990	-	-	183,990	182,384	-	-	182,384
Program costs	16,708	-	-	16,708	9,125	-	-	9,125
Bad debts	7,730	-	-	7,730	94	-	-	94
Depreciation	-	143	-	143	-	144	-	144
Miscellaneous	-	-	-	-	-	2,534	-	2,534
Total functional expenses	\$ 249,825	41,229	43,460	334,514	222,399	34,411	32,323	289,133

KISHWAUKEE UNITED WAY

Statements of Cash Flows

For the Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 35,752	35,995
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	143	144
Increase (decrease) due to change in assets and liabilities:		
Restricted cash	(3,556)	(3,539)
Pledges receivable	4,488	15,534
Allocations payable	1,813	4,423
Payroll taxes payable	-	130
Net cash flows from operating activities	<u>38,640</u>	<u>52,687</u>
Cash flows from investing activities:		
(Increase) decrease in long-term restricted cash	<u>5,842</u>	<u>(12,381)</u>
Net cash flows from investing activities	<u>5,842</u>	<u>(12,381)</u>
Net increase (decrease) in cash	44,482	40,306
Cash, beginning of year	<u>116,834</u>	<u>76,528</u>
Cash, end of year	\$ <u><u>161,316</u></u>	<u><u>116,834</u></u>

See accompanying notes to financial statements.

(1) Nature of Activities and Significant Accounting Policies

(a) Nature of Activities

Kishwaukee United Way (KUW) is a nonprofit organization created to conduct annual United Way fundraising campaigns. KUW assesses and prioritizes critical human care needs in DeKalb County, Illinois. KUW addresses these needs through allocation and distribution of funds raised to social service agencies.

KUW is dependent upon undesignated contributions from corporate and individual donors, generally located in its service area, to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect KUW's ability to provide services and distribute funds to its member agencies.

(b) Method of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

KUW 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. The net asset classifications are described as follows:

Unrestricted net assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets – subject to donor-imposed stipulations that may be fulfilled by actions of KUW to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently restricted net assets – subject to donor-imposed stipulations that they be retained and invested permanently by KUW. KUW has no permanently restricted net assets for the years ended June 30, 2018 and 2017.

(d) Cash and Cash Equivalents

KUW considers all cash and unrestricted or undesignated bank deposits with an original maturity of three months or less to be cash equivalents.

(e) Contributions

Contributions are recognized when the donor makes a promise to give to KUW that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

KUW received pledges which were donor-designated for specific agencies. KUW, acting as an intermediary, has not reflected this activity as income or expense in its financial statements. Following collection, pass-through contributions are remitted to the designated agencies.

(f) Property and Equipment

Property and equipment are recorded at acquisition cost or fair market value on the date of the gift for donated assets. Property and equipment with a life expectancy greater than two years and an original cost greater than \$500 are capitalized. Upon retirement of assets, the cost and accumulated depreciation are eliminated from the financial statements. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Computer and office equipment	5 - 7 years
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(g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(h) Compensated Absences

KUW's policy states that no vacation or personal days can be carried over to the following year and sick days are non-vested. Therefore, KUW did not record any liabilities for employee vacation, personal or sick leave for the years ended June 30, 2018 and 2017.

(i) Functional Allocation of Expenses

The costs of providing the various services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are based on percentages of the estimated proportional use of the service provided or resource consumed.

(j) Income Taxes

KUW is a nonprofit public charity under Internal Revenue Code Section 501(c)(3) and is therefore not subject to federal and state income or franchise taxes. Therefore, there is no provision for income taxes in the financial statements.

Management of KUW has evaluated uncertain tax positions and has determined there are no uncertain tax positions for the years ended June 30, 2018 and 2017.

(2) Cash and cash equivalents

KUW maintains its cash accounts with three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000. As of June 30, 2018 and 2017, there were no uninsured cash balances.

Restricted cash as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Short-term cash restrictions:		
211 program	\$ 4,500	2,544
Money Smart Week program	<u>3,250</u>	<u>1,650</u>
Total current restricted cash	<u>7,750</u>	<u>4,194</u>
Long-term cash restrictions:		
211 program	5,783	9,000
Money Smart Week program	<u>756</u>	<u>3,381</u>
Total long-term restricted cash	<u>6,539</u>	<u>12,381</u>
Total restricted cash	\$ <u>14,289</u>	<u>16,575</u>

(3) Pledges Receivable

Pledges receivable as of June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 26,085	30,860
Allowance for uncollectible pledges receivable	<u>(1,565)</u>	<u>(1,852)</u>
Total net pledges receivable	\$ <u>24,520</u>	<u>29,008</u>

(4) Benefit Plans

KUW offers a simple IRA plan for eligible employees and KUW contributes 3% of the employees' wages to this plan. Total pension expense for the years ended June 30, 2018 and 2017 was \$1,748 and \$1,742, respectively.

(5) Lease Agreements

KUW leases office space at 115 North First Street, DeKalb, Illinois, 60115 under a one year lease agreement that commenced July 1, 2017. During fiscal year ended June 30, 2018, KUW renewed their lease agreement for one year. The lease agreement calls for monthly payments of \$675. The future minimum rental payment for fiscal year 2019 is \$8,100.

Total rent expense for the years ended June 30, 2018 and 2017 was \$8,100 and \$8,100, respectively.

(6) In-Kind Donations

Donated materials are reflected as contributions in the accompanying statements at their estimated fair market value at date of receipt, when available. During 2018 and 2017, local businesses donated materials for the Taste of the Vine fundraising event valued at \$10,336 and \$8,550 respectively, which were recorded as fundraising income and expense.

(7) DeKalb County Community Foundation Funds

The DeKalb County Community Foundation has a designated fund with the recipient being KUW. The purpose of this fund is to offset general operating costs and provide more allocable dollars for community investment. The payout is calculated by averaging the past three years' annual market value and multiplying the payout rate of 4%. For the years ended June 30, 2018 and 2017, KUW received distributions of \$95,921 and \$89,888, respectively.

(8) Restrictions on Net Assets

Temporarily restricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
Temporarily restricted as to purpose:		
Born Learning program	\$ 2,000	-
211 program	10,283	11,544
Money Smart Week program	<u>4,006</u>	<u>5,031</u>
Total temporarily restricted net assets	<u>\$ 16,289</u>	<u>16,575</u>

(9) Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and

transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

KUW has evaluated subsequent events through February 19, 2019 which was the date that these financial statements were available for issuance and determined that there were no significant non-recognized subsequent events through that date.