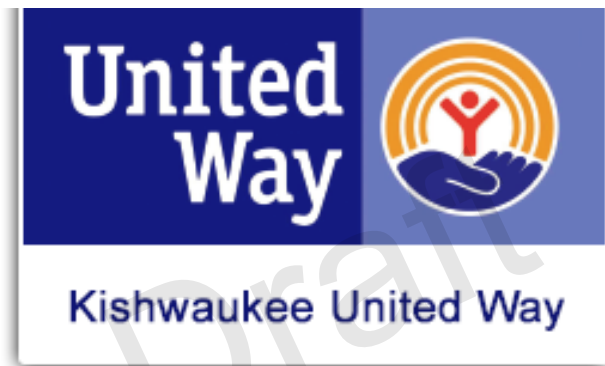


# Kishwaukee United Way



## Financial Statements

For the Year Ended  
June 30, 2020



**Kishwaukee United Way**  
**Table of Content**

	<u>Page(s)</u>
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 22

Draft



Illinois NFP Audit & Tax, LLP  
*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors  
Kishwaukee United Way  
DeKalb, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kishwaukee United Way, which comprise the statement of financial position as of June 30, 2020, 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 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, 2020, 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.

Chicago, Illinois  
September 7, 2020

Draft

**Kishwaukee United Way**  
**Statement of Financial Position**  
**June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 182,900	\$ 26,780	\$ 209,680
Pledges Receivable, Net	30,912	0	30,912
<b>Total Current Assets</b>	213,812	26,780	240,592
<b>Total Fixed Assets, Net</b>	0	0	0
<b>Other Assets</b>			
Beneficial Interest in Assets Held by Others	0	2,214,473	2,214,473
<b>Total Other Assets</b>	0	2,214,473	2,214,473
<b>Total Assets</b>	\$ 213,812	\$ 2,241,253	\$ 2,455,065
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Agency Allocations Payable	\$ 113,261	\$ 0	\$ 113,261
Accrued Liabilities	2,012	0	2,012
<b>Total Current Liabilities</b>	115,273	0	115,273
<b>Total Liabilities</b>	115,273	0	115,273
<b>Total Net Assets</b>	98,539	2,241,253	2,339,792
<b>Total Liabilities and Net Assets</b>	\$ 213,812	\$ 2,241,253	\$ 2,455,065

**Kishwaukee United Way**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support and Gains</b>			
Grants and Donations			
Campaign Contributions	\$ 142,519	\$ 0	\$ 142,519
Corporate and Foundation Grants	1,150	51,223	52,373
Special Event Revenue (Net of Cost of Direct Benefits to Donors of \$17,015)	35,102	0	35,102
Miscellaneous	14,773	0	14,773
Sponsorships	2,248	4,252	6,500
Interest Income	308	0	308
Change in Value of Beneficial Interest	0	(9,068)	(9,068)
Net Assets Released from Restrictions:			
Satisfaction of Other Purpose Restrictions	44,219	(44,219)	0
Distribution from Beneficial Interest	93,472	(93,472)	0
Expiration of Time Restrictions	0	0	0
<b>Total Revenue, Support and Gains</b>	<u>333,791</u>	<u>(91,284)</u>	<u>242,507</u>
<b>Functional Expenses</b>			
Program Services	238,443	0	238,443
Management and General	41,817	0	41,817
Fundraising	31,937	0	31,937
<b>Total Functional Expenses</b>	<u>312,197</u>	<u>0</u>	<u>312,197</u>
<b>Change in Net Assets</b>	21,594	(91,284)	(69,690)
<b>Net Assets,</b>			
<b>Beginning of Year</b>	<u>76,945</u>	<u>2,332,537</u>	<u>2,409,482</u>
<b>End of Year</b>	<u>\$ 98,539</u>	<u>\$ 2,241,253</u>	<u>\$ 2,339,792</u>

**Kishwaukee United Way  
Statement of Functional Expenses  
For the Year Ended June 30, 2020**

<b>Functional Expenses</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Personnel				
Salaries	\$ 27,212	\$ 27,211	\$ 27,211	\$ 81,634
Payroll Taxes	2,044	2,044	2,044	6,132
Employee Benefits	541	541	541	1,623
Total Personnel	29,797	29,796	29,796	89,389
Assistance to Other Organizations	145,233	0	0	145,233
Bank & Processing Fees	204	24	12	240
Dues & Subscriptions	7,142	840	420	8,402
Insurance	0	3,326	0	3,326
Meetings & Hospitality	0	0	953	953
Miscellaneous	2,431	0	0	2,431
Occupancy	8,337	981	490	9,808
Office	31,719	128	64	31,911
Postage	286	34	17	337
Professional Development	2,029	237	120	2,386
Professional Fees	0	6,320	0	6,320
Program Support	10,152	0	0	10,152
Repairs & Maintenance	1,113	131	65	1,309
<b>Total Functional Expenses</b>	<b>\$ 238,443</b>	<b>\$ 41,817</b>	<b>\$ 31,937</b>	<b>\$ 312,197</b>

**Kishwaukee United Way  
Statement of Cash Flows  
For the Year Ended June 30, 2020**

**Cash Flows from Operating Activities**

Received from Supporters and Other Sources	\$ 265,233
Interest Received	308
Paid to Agencies, Vendors and Employees	(345,418)
Interest Paid	0
Income Taxes Paid	0

**Net Cash Used in Operating Activities** (79,877)

**Cash Flows from Investing Activities**

Proceeds from Distribution of Beneficial Interest	93,472
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**Net Cash Provided by Investing Activities** 93,472

**Net Increase in Cash** 13,595

**Cash,**

<b>Beginning of Year</b>	196,085
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<b>End of Year</b>	\$ 209,680
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**Non-cash Operating Activities**

Revenue and Expense Related to In-Kind Donated Goods	\$ 12,812
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**Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities**

Change in Net Assets	\$ (69,690)
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Adjustments to Reconcile Change in Net Assets to  
Net Cash Used in Operating Activities:

Change in Beneficial Interest in Assets Held by Others	9,068
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Change in Allowance for Doubtful Accounts	(623)
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Changes in Certain Assets and Liabilities:

Pledges Receivable	10,386
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Agency Allocations Payable	(29,076)
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Accrued Liabilities	58
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Total Adjustments	(10,187)
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**Net Cash Used in Operating Activities** \$ (79,877)



**Kishwaukee United Way**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies**

***Organization and Nature of Activities***

Kishwaukee United Way (the “Organization”) is an Illinois not-for-profit corporation incorporated in 2004. The Organization’s mission comprises of improving lives by sharing community resources. Through collaboration, resource mobilization and voluntary giving, the Organization works to provide a better quality of life for the communities that it serves. The Organization works with others to create lasting changes in DeKalb County. The Organization helps support basic needs, prepares kids for success in school, gives people the tools to become financially stable and improves the health and well being of residents.

The Organization is fully accredited by United Way Worldwide, passing annual requirements. The certification mandates completion of 13 Standards of Excellence for United Way membership along with verification of the status of 40 indicators that demonstrate that our United Way embodies the intent of the membership tenets.

***Basis of Accounting***

The Organization’s accounts are maintained on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions as of June 30, 2020.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents***

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

***Beneficial Interest in Assets Held by Others***

The Organization established an endowment fund that is permanent i.e. perpetual in nature under the DeKalb Community Foundation's DeKalb United Way Endowment Fund and named the Organization as beneficiary. The Organization has granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundation for the Organization's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

***Receivables and Allowance for Doubtful Accounts***

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Generally accepted accounting principles prescribe unconditional promises to give expected to be collected in more than one year to be initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset; in subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As the present value adjustment does not apply to the Organization, unconditional promises to give are recorded at net realizable value and not at present value. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Fixed Assets***

The Organization records fixed asset additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

***Interfund Balance***

In an effort to increase transparency and to simplify its financial statements, the Organization presents its statement of financial position on a fund basis which comprises of the following funds: Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

As of June 30, 2020, no interfund payables or receivables exists between the Net Assets without Donor Restrictions Fund and the Net Assets with Donor Restrictions Fund.

***Agency Allocations Payable***

The Organization assists other Organizations through grants (referred to as allocations). Allocations expense is recognized when an allocation is approved by the Board and management of the Organization. Agency allocations payable represents unpaid allocations. At June 30, 2020, all agency allocations payable are expected to be paid within one year.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Revenue Recognition - Grants and Contributions***

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets with donor restrictions along with the corresponding releases on the statement of activities. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization when the restrictions are released. Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

***Revenue Recognition - Registrations and Sponsorships***

The Organization typically hosts events during the course of the year. Registration fees for these events are billed to the participant at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides members the opportunity to sponsor their events. Event sponsors pay for sponsorship packages for events in exchange for access for their representatives to the event itself, access to the event materials, and access to the members attending the events to promote their own businesses. Registration and sponsorships for the Organization's events open months before the events are scheduled to be held. Cash receipts for registrations and sponsorships collected in advance of the events are deferred as contract liabilities until the event is held, at which point the revenue is recognized.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Deferred Revenue***

Exchange transactions in which a reciprocal transfer of assets occurs are recorded as deferred revenue if a corresponding performance obligation is yet to be fulfilled by the Organization. As of June 30, 2020, deferred revenue amounts to \$0.

***Income Taxes***

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, the financial statements do not include a provision for income taxes. The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

***Functional Expense Allocation***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates functional expenses mainly on the basis of estimates of time and effort.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted 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. Actual results could differ from those estimates.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

*Advertising costs*

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. The Organization had no direct-response advertising during the year ended June 30, 2020.

*Financial Instruments and Credit Risk*

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit, when applicable, with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. As of June 30, 2020, the Organization held no deposits above federally insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable donors highly supportive of the Organization's mission. When applicable, although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Note 2 - Beneficial Interest in Assets Held by Others**

During the year ended June 30, 2020, beneficial interest in assets held by others comprise of the following restrictions and activity:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets Held by Community Foundation	\$ 0	\$ 2,214,473	\$ 2,214,473
	<u>\$ 0</u>	<u>\$ 2,214,473</u>	<u>\$ 2,214,473</u>

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 - Beneficial Interest in Assets Held by Others (Continued)**

	Assets Held by Community Foundation		
	Corpus	Accumulated Earnings	Total
	Balance - June 30, 2019	\$ 1,933,113	\$ 383,900
Net Investment Return - June 30, 2020	0	(9,439)	(9,439)
Contributions - June 30, 2020	371	0	371
Distributions - June 30, 2020	0	(93,472)	(93,472)
Balance - June 30, 2020	\$ 1,933,484	\$ 280,989	\$ 2,214,473

For the year ended June 30, 2020, the change in beneficial interest in assets held by others comprises of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Change in Beneficial Interest in Assets Held by Community Foundation	\$ 0	\$ (9,439)	\$ (9,439)
	\$ 0	\$ (9,439)	\$ (9,439)

**Note 3 - Fair Value Measurements and Disclosures**

When appropriate, the Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 3 - Fair Value Measurements and Disclosures (Continued)**

A three-tier hierarchy categorizes the inputs as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3:* Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

When appropriate, the Organization utilizes net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain investments e.g. hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The Organization has no investments valued at net asset value as of June 30, 2020.



**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 3 - Fair Value Measurements and Disclosures (Continued)**

The following assets are measured at fair value as of June 30, 2020:

	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Beneficial Interests</i>				
Assets Held by Community Foundation				
	\$ 2,214,473	\$ 0	\$ 0	\$ 2,214,473
	<u>\$ 2,214,473</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,214,473</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Assets Held by Community Foundation
Balance at June 30, 2018	\$ 2,317,013
Change in Value of Beneficial Interest	(9,068)
Distributions from Beneficial Interest	(93,472)
Balance at June 30, 2020	<u>\$ 2,214,473</u>

**Note 4 - Pledges Receivable**

At June 30, 2020, receivables are estimated to be collected as follows:

Within One Year	\$ 32,885
In More than One Year	0
Less: Discount to Net Present Value	0
Less: Allowance for Doubtful Accounts	(1,973)
Accounts Receivable, Net	<u>\$ 30,912</u>

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 5 - Fixed Assets**

At June 30, 2020, fixed assets comprise of the following:

Machinery and Equipment	\$ 16,960
Total Cost	<u>16,960</u>
Less: Accumulated Depreciation	<u>(16,960)</u>
Fixed Assets, Net	<u><u>\$ 0</u></u>

Depreciation expense amounts to \$0 for the year ended June 30, 2020.

**Note 6 - In-Kind Donations**

***Donated Services, Donated Goods and Donated Space***

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the year ended June 30, 2020, the Organization did not receive any donated services that meet the recognition criteria prescribed by generally accepted accounting principles.

Donated goods are recorded at fair value on the date of donation. The Organization received \$12,812 of donated goods during the year ended June 30, 2020.

Donated space is recorded at its estimated fair value on the date of donation. No donated space was received by the Organization during the year ended June 30, 2020.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 6 - In-Kind Donations (Continued)**

***Donated Services, Donated Goods and Donated Space (Continued)***

Donated goods of \$12,812 are recorded within special events revenues on the statement of activities. Donated goods expense is correspondingly recorded within the following expenses on the financial statements:

	Statement of Functional Expense			Statement of Activities
	Program Services	Management & General	Fundraising	Special Events (Net)
Cost of Direct Benefits to Donors	\$ 0	\$ 0	\$ 0	\$ 12,812
	\$ 0	\$ 0	\$ 0	\$ 12,812

**Note 7 - Lease Commitments**

The Organization leases its office space under a one-year lease ending on June 30, 2021. The lease calls for monthly payments of \$675. Rent expense for the year ended June 30, 2020 amounts to \$8,100.

Future minimum lease payments are as follows:

For the Year Ended June 30, 2021	\$ 8,100
	\$ 8,100

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 - Retirement Plan**

The Organization provides its employees with a Simple IRA retirement plan. Employees that are eligible can make voluntary tax deferred contributions to the plan up to IRS limits. The Organization matches employee contributions upto 3%. Matching contributions made by the Organization during the year ended June 30, 2020 amount to \$1,623.

**Note 9 - Net Asset Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

***Temporary Restrictions***

Subject to Purpose and Timing Restrictions

Accumulated Earnings on Assets Held by Community Foundation	\$ 280,989
COVID-19 Relief	12,590
2-1-1 Program	10,258
Money Smart Week Program	3,932
Total Subject to Purpose and Timing Restrictions	<u>307,769</u>

***Perpetual (Permanent) Restrictions***

Subject to Perpetual Restrictions

Corpus of Assets to be Held in Perpetuity with Community Foundation	<u>1,933,484</u>
Total Subject to Perpetual Restrictions	<u>1,933,484</u>
Total Net Assets with Restrictions	<u><u>\$ 2,241,253</u></u>

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 9 - Net Asset Restrictions (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or by the occurrence of the passage of time or other events specified by donors during the year ended June 30, 2020:

Purpose Restrictions Accomplished	
COVID-19 Relief	\$ 30,634
MLK Days Pass-Through	8,000
2-1-1 Program	4,985
Money Smart Week Program	600
Total Purpose Restrictions Accomplished	<u>44,219</u>
Restricted-purpose Spending-rate Distributions and Appropriations Satisfied	
Beneficial Interest Distribution	<u>93,472</u>
Restricted-purpose Spending-rate Distributions and Appropriations Satisfied	<u>93,472</u>
Total Restrictions Released	<u><u>\$ 137,691</u></u>

**Note 10 - Liquidity**

At June 30, 2020, the Organization has \$240,592 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$26,780 of financial assets are subject to donor timing or purpose restrictions, excluding general operation restrictions, expiring within one year. Additionally, no financial assets are pledged as collateral and no other contractual restrictions exist that make current financial assets unavailable for general expenditure within one year of the balance sheet date. As of June 30, 2020, the Organization does not expect that its liquidity will deteriorate.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 10 - Liquidity (Continued)**

Financial assets available within one year of the balance sheet for general expenditures comprise of the following:

Financial Assets Available for General Expenditure:

Cash	\$ 209,680
Pleges Receivable, Net	30,912
Total Financial Assets Available for General Expenditure	<u>240,592</u>
Less: Assets Pledged as Collateral	0
Less: Assets Subject to Donor Timing or Purpose Restrictions Excluding General Operation Restrictions	<u>(26,780)</u>
Total Financial Assets Available to Meet Cash Needs for General Use Within One Year	<u><u>\$ 244,724</u></u>

**Note 11 - Recently Implemented Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the previous revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance was adopted by the Organization during the year ended June 30, 2020.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. With relation to not-for-profit organizations, the ASU eliminates the requirement to disclose fair value of financial instruments measured at amortized cost, and requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the statement of financial position or within the notes to the financial statements. The new guidance was adopted by the Organization during the year ended June 30, 2020.

**Kishwaukee United Way**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 12 - Upcoming Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Organization's statement of financial position.

**Note 13 - Concentration of Funding**

The Organization continuously attempts to diversify its donor and revenue base. For the year ended June 30, 2020, the Organization has no concentrations of funding.

**Note 14 - Subsequent Events**

The date to which events occurring after June 30, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 7, 2020, which is the date on which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 20, 2020, Governor J.B. Pritzker ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time.

Future potential impacts may include continued disruptions or restrictions on the Organization's employees' ability to work and impairment of the Organization's ability to obtain contributions and volunteers. The future effects of these issues are unknown.