

FOX VALLEY UNITED WAY  
FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2017  
With Comparative Totals For the Year Ended June 30, 2016

**Weber & Associates CPAs, LLC**  
Certified Public Accountants

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FOX VALLEY UNITED WAY  
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# *Weber & Associates CPAs, LLC*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fox Valley United Way  
Aurora, Illinois

We have audited the accompanying financial statements of Fox Valley United Way (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from 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.

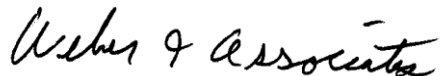
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley United Way as of June 30, 2017, 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.

**Report on Summarized Comparative Information**

We have previously audited the Fox Valley United Way's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aurora, Illinois  
February 8, 2018

FOX VALLEY UNITED WAY  
STATEMENT OF FINANCIAL POSITION  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 343,696	\$ 403,451
Campaign pledges receivable, net of allowance for uncollectible amounts of \$171,830 and \$116,420 as of June 30, 2017 and 2016, respectively	496,254	489,555
Grants receivable	15,000	109,506
Other receivables	2,353	2,216
Prepaid expenses	33,113	33,474
Total current assets	890,416	1,038,202
Property and equipment, at cost		
Furniture and equipment	105,319	103,983
Less: accumulated depreciation	(103,015)	(101,816)
Net property and equipment	2,304	2,167
Total assets	\$ 892,720	\$ 1,040,369
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 34,750	\$ 44,419
Accrued expenses	24,675	24,080
Allocations payable	276,459	267,300
Designations payable to other agencies	20,999	56,916
Total current liabilities	356,883	392,715
Net assets		
Unrestricted	46,596	10,916
Temporarily restricted	489,241	636,738
Total net assets	535,837	647,654
Total liabilities and net assets	\$ 892,720	\$ 1,040,369

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2017  
With Comparative Totals For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
<b>Public support and other revenue</b>				
Gross campaign results	\$ 629,862	\$ 384,811	\$ 1,014,673	\$ 865,777
Less donor designations	(31,375)	-	(31,375)	(61,202)
Less designations paid by others	(54,113)	-	(54,113)	(49,714)
Gross campaign revenue	544,374	384,811	929,185	754,861
Provision for uncollectible pledges	(116,939)	-	(116,939)	(39,426)
Net campaign revenue	427,435	384,811	812,246	715,435
Inherent contribution from acquisition (Note 3)	130,185	-	130,185	-
Designations from other United Ways	181,787	-	181,787	159,576
Special events, net of direct costs of \$9,428 for 2017 and \$9,357 for 2016	7,172	-	7,172	4,278
Service fees	620	-	620	1,539
Fundraising fees	3,354	-	3,354	3,442
Grants and contributions	30,699	202,578	233,277	366,974
In-kind contributions	51,536	1,883	53,419	63,157
Interest income	17	14	31	28
Other miscellaneous income	1,545	-	1,545	-
Net assets released from restriction	801,037	(801,037)	-	-
Total public support and other revenue	1,635,387	(211,751)	1,423,636	1,314,429
<b>Expenses</b>				
Program services				
Net funds allocated/awarded to agencies	670,479	-	670,479	523,063
SPARK Early Learning Initiative	321,098	-	321,098	266,408
Other program services	243,984	-	243,984	253,140
Total program services	1,235,561	-	1,235,561	1,042,611
Support services				
Management and general	131,184	-	131,184	138,561
Fundraising	168,708	-	168,708	142,110
Total support services	299,892	-	299,892	280,671
Total expenses	1,535,453	-	1,535,453	1,323,282
Expenses in excess of public support and other revenue	99,934	(211,751)	(111,817)	(8,853)
Transfer to temporarily restricted net assets	(64,254)	64,254	-	-
Change in net assets	35,680	(147,497)	(111,817)	(8,853)
Net assets, beginning of year as restated	10,916	636,738	647,654	656,507
Net assets, end of year	\$ 46,596	\$ 489,241	\$ 535,837	\$ 647,654

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2017  
With Comparative Totals For the Year Ended June 30, 2016

	Program Services				Support Services			Total Program and Support Service Expenses	
	Allocation Services	SPARK	Volunteer	Total	Management and General	Fundraising	Total	2017	2016
		Early Learning Initiative	Fox Valley						
<b>FUNCTIONAL EXPENSES</b>									
Allocations/ awards to agencies	\$ 695,662	\$ -	\$ -	\$ 695,662	\$ -	\$ -	\$ -	\$ 695,662	\$ 555,271
Less: donor designations	(25,183)	-	-	(25,183)	-	-	-	(25,183)	(32,208)
Net allocations/awards to agencies	670,479	-	-	670,479	-	-	-	670,479	523,063
Payroll expenses									
Salaries	124,347	111,438	-	235,785	56,583	72,127	128,710	364,495	311,541
Payroll taxes	9,724	8,058	-	17,782	4,660	5,875	10,535	28,317	23,970
Employee benefits	23,712	7,437	-	31,149	10,696	13,487	24,183	55,332	60,614
Retirement plan	5,072	3,101	-	8,173	2,430	3,065	5,495	13,668	15,306
Total payroll expenses	162,855	130,034	-	292,889	74,369	94,554	168,923	461,812	411,431
Contract services	-	-	-	-	-	41	41	41	122
Accounting and legal fees	526	6,770	-	7,296	22,077	255	22,332	29,628	54,036
Supplies	2,873	18,378	-	21,251	3,016	12,311	15,327	36,578	19,910
Printing and publications	4,331	21,999	147	26,477	796	3,878	4,674	31,151	22,481
Postage and shipping	757	24	-	781	363	458	821	1,602	1,642
Telephone	344	1,104	-	1,448	915	977	1,892	3,340	2,772
Information technology and support	5,449	2,532	4,000	11,981	8,272	10,617	18,889	30,870	27,706
Office rent	6,352	11,355	-	17,707	8,484	10,698	19,182	36,889	25,705
Utilities and maintenance	378	1,890	-	2,268	1,086	1,370	2,456	4,724	6,311
Conferences and meetings	400	2,631	-	3,031	179	266	445	3,476	13,312
Travel	561	1,605	-	2,166	268	447	715	2,881	3,679
Insurance	3,982	-	-	3,982	2,649	2,405	5,054	9,036	7,308
Special event expenses	-	-	-	-	-	4,842	4,842	4,842	5,199
Advertising and marketing	14,760	353	450	15,563	1,375	17,218	18,593	34,156	55,032
Other professional services	1,248	-	-	1,248	598	754	1,352	2,600	71,579
Consulting	1,138	109,128	-	110,266	545	688	1,233	111,499	1,000
Equipment lease and maintenance	347	1,733	-	2,080	997	1,257	2,254	4,334	2,819
Community and youth initiative grants	19,133	-	-	19,133	-	-	-	19,133	43,300
Dues and subscriptions	1,135	403	-	1,538	1,371	886	2,257	3,795	2,097
Bank fees	1,019	-	-	1,019	515	616	1,131	2,150	1,074

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
STATEMENT OF FUNCTIONAL EXPENSES, continued  
For the Year Ended June 30, 2017  
With Comparative Totals For the Year Ended June 30, 2016

	Program Services			Support Services			Total Program and Support Service Expenses		
	Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General	Fundraising	Total	2017	2016
FUNCTIONAL EXPENSES, continued									
Participant incentives	-	9,275	-	9,275	-	-	-	9,275	3,210
United Way Worldwide dues	6,438	-	-	6,438	3,085	3,890	6,975	13,413	11,158
Holiday assistance	5,137	-	-	5,137	-	-	-	5,137	4,167
Miscellaneous expense	73	1,000	-	1,073	151	189	340	1,413	2,103
Depreciation expense	151	884	-	1,035	73	91	164	1,199	1,066
Other expenses	76,532	191,064	4,597	272,193	56,815	74,154	130,969	403,162	388,788
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 909,866</b>	<b>\$ 321,098</b>	<b>\$ 4,597</b>	<b>\$ 1,235,561</b>	<b>\$ 131,184</b>	<b>\$ 168,708</b>	<b>\$ 299,892</b>	<b>\$ 1,535,453</b>	<b>\$ 1,323,282</b>

See accompanying notes to financial statements.



FOX VALLEY UNITED WAY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017  
With Comparative Totals For the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ (111,817)	\$ (8,853)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,199	1,066
Inherent contribution from acquisition (Note 3)	(130,185)	-
Changes in assets and liabilities		
Contributions receivable	84,499	(89,900)
Grants receivable	94,506	51,103
Prepaid expenses	961	(22,621)
Other receivables	(137)	-
Accounts payable	(9,669)	14,553
Accrued expenses	595	646
Allocations payable	9,159	(15,825)
Designations payable	(35,917)	8,013
Net cash used in operating activities	<u>(96,806)</u>	<u>(61,818)</u>
Cash flows from investing activities		
Cash received from acquisition (Note 3)	38,387	-
Purchase of property and equipment	(1,336)	-
Net cash provided by investing activities	<u>37,051</u>	<u>-</u>
Net decrease in cash and cash equivalents	(59,755)	(61,818)
Cash and cash equivalents, beginning of year	<u>403,451</u>	<u>465,269</u>
Cash and cash equivalents, end of year	<u>\$ 343,696</u>	<u>\$ 403,451</u>
Noncash investing activities		
Acquisition (Note 3)		
Assets acquired, net of cash received	\$ 91,798	\$ -

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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1. ORGANIZATION AND PURPOSE

Organization

Fox Valley United Way (the Organization) is an independently operated not-for-profit organization governed by a volunteer board of directors. The Organization has committed to complying with the United Way Worldwide Cost Deduction Standards.

United Way of Central Kane County

United Way of Central Kane County was an Illinois not-for-profit organization established for the purpose of raising funds and distributing them to not-for-profit organizations serving the Central Kane County area. Effective August 1, 2016, Fox Valley United Way acquired United Way of Central Kane County under a plan of merger. As a result of the acquisition, United Way of Central Kane County ceased to exist (Note 3).

Nature of Activities

The Organization provides services for planning community activities and fundraisers, evaluating individual agency programs, informing the community of various activities it sponsors, and helping solve community problems. Funds are raised from the businesses and people of the Fox Valley area including Central and Southern Kane and Kendall counties through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community social service agencies, public information and community awareness, and sponsoring a website that connects volunteers with local nonprofit agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Basis of Presentation

The Organization has presented its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, 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.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization has unrestricted and temporarily restricted net assets. Temporarily restricted net assets of the Organization result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. In the statement of activities, such prior year information is presented in total but not by net asset class. In the statement of functional expenses, comparative prior year expenses are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers short-term highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Short-term investments consist of bank money market accounts and repurchase sweep accounts.

Fixed Assets

Office equipment, furniture and fixtures are recorded at cost if purchased or fair market value at the date of donation and are being depreciated using the straight-line method over the estimated useful lives of the assets. Generally, the Organization's policy is to capitalize assets with a cost exceeding \$500. Depreciation expense for the years ended June 30, 2017 and 2016 was \$1,199 and \$1,066, respectively.

Campaign Pledges Receivable and Allowance for Uncollectible Amounts

Each fall the Organization conducts an annual fundraising campaign whereby it solicits voluntary contributions from the general public in the Fox Valley area in the form of cash contributions and pledges to make future cash contributions. The Organization's ability to collect pledges can be affected by local economic conditions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is computed based upon historical averages adjusted by management's estimate of current economic factors that could affect pledge collections. After two years, uncollected campaign pledges are written off. Campaign pledges receivable are included in temporarily restricted net assets net of the allowance and allocations payable to agencies.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Gross campaign results consist of cash and unconditional promises to give to the Organization received during the annual fundraising campaigns and include contributions processed by third-party processors. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Other contributions and grants received in support of specific programs or solutions for community problems are reported as temporarily restricted support and are reclassified to unrestricted net assets upon fulfillment of the purpose restriction.

Donor Designated Contributions

Donors may choose to designate contributions to be distributed to a specific agency or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distribution to specified agencies or United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in gross campaign results in the statement of activities then deducted as donor designated contributions before arriving at net campaign revenue.

In-Kind Contributions

The Organization receives and records various types of in-kind contributions consisting of equipment, supplies, advertising, computer support, printing and other services. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria and accordingly, is not reflected in the accompanying financial statements.

Allocations to Agencies

Allocations to partner United Way agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies. These allocations are generally payable within one year. Allocations payable amounting to \$276,459 at June 30, 2017 consist of amounts approved for payment beginning July 1, 2017 from the 2016 campaign revenue and are included in the amount released from restriction on the statement of activities. At June 30, 2016, allocations payable from the 2015 campaign amounted to \$267,300.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$34,156 and \$55,032 for the years ended June 30, 2017 and 2016, respectively.

Functional Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses that can be directly identified with a program or supporting services to which they relate are charged to the program or supporting service accordingly. Other expenses have been allocated among the program and supportive services benefited based on the average of number of employees, time spent, dedicated square footage or on a direct cost basis consistent with the standards for allocation of functional expenses in accordance with generally accepted accounting principles and United Way Worldwide.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963. In addition, the Organization is exempt from Illinois income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the differences could be material to these financial statements.

Prior Year Reclassifications

Certain balances for the year ended June 30, 2016 have been reclassified to make them consistent with the current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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3. ACQUISITION OF UNITED WAY OF CENTRAL KANE COUNTY

On January 15, 2016, Fox Valley United Way (FVUW) entered into a Plan and Agreement of Merger (the Agreement) to combine its operations with United Way of Central Kane County (UWCKC) wherein UWCKC would become part of FVUW as of August 1, 2016 (the Effective Date). UWCKC ceased to exist as of August 1, 2016. The transaction is determined to be an acquisition in accordance with FASB ASC 958-805, *Business Combinations*.

In accordance with generally accepted accounting principles, FVUW recorded in its financial statements the transfer of identifiable assets acquired from UWCKC at their fair values as of the Effective Date. No consideration was transferred from FVUW to UWCKC in connection with this transaction, and the amount of net assets acquired by FVUW is accounted for as an inherent contribution from UWCKC to FVUW.

Following is a summary of assets acquired at the Effective Date:

Cash	\$ 38,387
Pledges receivable	91,198
Prepaid expenses	600
Inherent contribution to FVUW	<u>\$ 130,185</u>

4. OTHER RECEIVABLES

Other receivables consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Accounts receivable - other	\$ 353	\$ 216
Rent deposit	2,000	2,000
	<u>\$ 2,353</u>	<u>\$ 2,216</u>

The Organization considers these receivables to be fully collectible; accordingly no allowance for doubtful accounts has been established.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Prior year's campaign	\$ 175,741	\$ 116,549
Current year's campaign	456,543	458,226
Next year's campaign	<u>35,800</u>	<u>31,200</u>
	668,084	605,975
Less allowance for uncollectible pledges	<u>(171,830)</u>	<u>(116,420)</u>
Pledges receivable, net	<u>\$ 496,254</u>	<u>\$ 489,555</u>

6. EMPLOYEE PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Eligible employees are persons who have at least one year of service with the Organization. During the years ended June 30, 2017 and 2016, the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2017 and 2016 was \$13,668 and \$15,306, respectively.

7. CONTRIBUTED MATERIALS AND SERVICES

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received the following in-kind contributions during the years ended June 30:

	<u>2017</u>	<u>2016</u>
Advertising and marketing	\$ 21,837	\$ 36,756
Printing	3,623	1,857
Supplies	6,468	6,468
Computer support	<u>21,491</u>	<u>18,076</u>
	<u>\$ 53,419</u>	<u>\$ 63,157</u>

The Board of Directors makes significant contributions of time with respect to the management and operations of the Organization. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of pledges receivable from the annual campaigns that are restricted for allocation to agencies, program funding and operating expenses in the coming years. In addition, temporarily restricted net assets include grants and contributions received with time or purpose restrictions.

At June 30, 2017 and 2016, temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Pledges receivable, net of allowance for uncollectible	\$ 108,353	\$ 179,015
Donor restricted purposes		
Youth programs	67,412	85,045
SPARK Early Learning Initiative	286,535	345,242
Volunteer Fox Valley	18,796	19,377
Other purposes	<u>8,145</u>	<u>8,059</u>
Total temporarily restricted net assets	<u>\$ 489,241</u>	<u>\$ 636,738</u>

9. COMPENSATED ABSENCES

Full-time employees of the Organization are entitled to paid vacation depending on the length of service. Up to five days of earned vacation leave may be carried over. Compensated absences accrued as of June 30, 2017 and 2016 amounted to \$17,367 and \$19,367, respectively.

10. ENDOWMENT FUND

In 1999 the Organization contributed funds to the Community Foundation of the Fox River Valley for the purpose of establishing an endowment fund to be used for support of the mission or activities of the Organization or its affiliated agencies. The fund is the property of the Foundation and the Foundation has ultimate authority and control over all property in the fund and the income derived therefrom. At least annually, the Foundation may distribute the fund's net income to the Organization, or the Organization may elect to accumulate the income. As of June 30, 2017 and 2016, net income available for distribution amounted to \$99 and \$11,961, respectively.



FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 With Comparative Totals for June 30, 2016

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11. RENTAL AGREEMENTS

On September 1, 2015, the Organization entered into a five year lease agreement for office space beginning October 15, 2015 and expiring on October 14, 2020. The lease requires annual increases of three percent and includes an option to renew for an additional five-year term.

The Organization executed an agreement to lease additional office space on August 1, 2016. The lease, beginning September 1, 2016 and expiring on February 28, 2018, requires monthly payments of \$625.

The Organization leases a copier under a noncancellable operating lease expiring on January 23, 2019. Monthly lease payments include sales tax and charges for excess copies.

Total future minimum lease payments for the years ending June 30 are as follows:

2018	\$	36,416
2019		31,423
2020		24,260
2021		7,833

Rent expense recorded for the years ended June 30, 2017 and 2016 totaled \$30,100 and \$28,106, respectively.

12. INCOME TAXES

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.

The Organization has adopted guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, there were no interest or penalties recognized for uncertain tax positions during the year ended June 30, 2017, and there were no accruals for interest and penalties at June 30, 2017. The 2014-2016 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

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13. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank deposits at June 30, 2017 or 2016. Cash equivalent amounts invested in the repurchase sweep investment accounts are not insured nor guaranteed by the United States government or its agencies.

14. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2017, the Organization determined temporarily restricted net assets had been overstated in prior years. It had been the Organization's policy to record all campaign pledges receivable net of the allowance for uncollectible pledges as temporarily restricted. It was determined that allocations payable at year end for the period July 1 through December 31 of the next fiscal year should be recorded as released from restriction at the time the expense is recorded. The Organization has restated the beginning net assets accordingly, to reflect the release from restriction of the \$267,300 in allocations payable expensed in the year ended June 30, 2016. This correction had no affect on total net assets at June 30, 2016 or on the change in net assets for the year then ended.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2018, the date the financial statements were available to be issued.