

UNITED WAY OF CASCADE COUNTY
GREAT FALLS, MONTANA
FINANCIAL STATEMENTS
AS OF
JUNE 30, 2017 AND 2016

Our reports are issued with the understanding that, without our consent, they may be reproduced only in their entirety. Should it be desired to issue or publish a condensation or a portion of this report and our name is to be used in connection therewith, our approval must first be secured.

Douglas Wilson & Company, P.C.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3-4
STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2017 AND 2016	5
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2017	6
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2016	7
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016.....	8
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017	9
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016	10
NOTES TO FINANCIAL STATEMENTS.....	11-17



Douglas WILSON
and Company, PC

Board of Directors
United Way of Cascade County
Great Falls, Montana

Randal J. Boysun, CPA
Gerard K. Schmitz, CPA
Myra L. Bakke, CPA
Melissa H. Soldano, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of United Way of Cascade County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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 United Way of Cascade County as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
September 19, 2017

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	6/30/17	6/30/16
ASSETS		
Cash	\$ 268,666	\$ 234,942
Certificates of Deposit	55,532	55,365
Accounts Receivable	-	37,665
Pledges Receivable less Allowance for Uncollectible Pledges of \$50,000	235,713	237,736
Prepaid Expenses	2,210	1,888
Grant Receivable	26,135	22,877
Beneficial Interest in Perpetual Trust	79,765	78,292
Cash Surrender Value of Life Insurance	78,130	73,817
Equipment	29,020	22,413
Less: Accumulated Depreciation	(22,853)	(22,413)
	\$ 752,318	\$ 742,582
Total Assets	\$ 752,318	\$ 742,582

LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 10,985	\$ 10,049
Payroll Taxes Payable	3,827	2,421
Accrued Vacation	24,795	17,745
Allocations Payable to Service Providers	393,093	437,025
Due to Designated Service Providers	79,569	110,135
Deferred Revenue	4,500	8,500
Total Liabilities	516,769	585,875
Net Assets:		
Unrestricted:		
Undesignated	2,369	(73,921)
Designated for Operating Reserve	125,396	125,396
Permanently Restricted	107,784	105,232
Total Net Assets	235,549	156,707
Total Liabilities and Net Assets	\$ 752,318	\$ 742,582

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:				
Gross Campaign Revenue - Current Period	\$ -	\$ 1,090,067	\$ -	\$ 1,090,067
Less: Donor Designations	-	(185,265)	-	(185,265)
Uncollectible Pledges	-	(38,895)	-	(38,895)
Net Available for Allocations and Operations	-	865,907	-	865,907
Contributions Released from Restrictions:				
Current Period Contributions	865,907	(865,907)	-	-
Net Campaign Revenue	865,907	-	-	865,907
Grant Revenue	-	107,657	-	107,657
Gain (Loss) from Perpetual Trust	-	-	1,473	1,473
Change in Cash Surrender Value of Life Insurance	3,233	-	1,079	4,312
Interest and Investment Income	8,440	-	-	8,440
Contract Service Reimbursement/CFC	6,167	-	-	6,167
Donated Services	12,650	-	-	12,650
Other Support Released from Restrictions	107,657	(107,657)	-	-
Total Revenue	<u>1,004,054</u>	<u>-</u>	<u>2,552</u>	<u>1,006,606</u>
Allocations and Other Functional Expenses:				
Program Services:				
Allocations to Service Providers	393,093	-	-	393,093
Other Program Services	206,782	-	-	206,782
Supporting Services	327,889	-	-	327,889
Total Expenses	<u>927,764</u>	<u>-</u>	<u>-</u>	<u>927,764</u>
Change in Net Assets	76,290	-	2,552	78,842
Net Assets, Beginning of Year	<u>51,475</u>	<u>-</u>	<u>105,232</u>	<u>156,707</u>
Net Assets, End of Year	<u>\$ 127,765</u>	<u>\$ -</u>	<u>\$ 107,784</u>	<u>\$ 235,549</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:				
Gross Campaign Revenue - Current Period	\$ -	\$ 1,413,512	\$ -	\$ 1,413,512
Less: Donor Designations	-	(621,535)	-	(621,535)
Uncollectible Pledges	-	(91,129)	-	(91,129)
Net Available for Allocations and Operations	-	700,848	-	700,848
Contributions Released from Restrictions:				
Current Period Contributions	700,848	(700,848)	-	-
Net Campaign Revenue	700,848	-	-	700,848
Grant Revenue	-	101,992	-	101,992
Gain (Loss) from Perpetual Trust	-	-	(2,854)	(2,854)
Change in Cash Surrender Value of Life Insurance	(768)	-	1,037	269
Interest and Investment Income	8,302	-	-	8,302
Contract Service Reimbursement/CFC	82,953	-	-	82,953
Donated Services	12,100	-	-	12,100
Other Support Released from Restrictions	101,992	(101,992)	-	-
Total Revenue	<u>905,427</u>	<u>-</u>	<u>(1,817)</u>	<u>903,610</u>
Allocations and Other Functional Expenses:				
Program Services:				
Funds Allocated to Service Providers	437,025	-	-	437,025
Other Program Services	191,174	-	-	191,174
Supporting Services	363,379	-	-	363,379
Total Expenses	<u>991,578</u>	<u>-</u>	<u>-</u>	<u>991,578</u>
Change in Net Assets	(86,151)	-	(1,817)	(87,968)
Net Assets, Beginning of Year	<u>137,626</u>	<u>-</u>	<u>107,049</u>	<u>244,675</u>
Net Assets, End of Year	<u>\$ 51,475</u>	<u>\$ -</u>	<u>\$ 105,232</u>	<u>\$ 156,707</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	6/30/17	6/30/16
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 78,842	\$ (87,968)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	440	-
(Increase) Decrease in Assets:		
Accounts Receivable	37,665	23,431
Pledges and Designations Receivable	2,023	101,076
Grant Receivable	(3,258)	(36)
Prepaid Expenses	(322)	(1,038)
Beneficial Interest in Perpetual Trust	(1,473)	2,854
Cash Surrender Value of Life Insurance	(4,313)	(610)
Increase (Decrease) in Liabilities:		
Accounts Payable	936	(851)
Payroll Taxes Payable	1,406	(4,358)
Accrued Vacation	7,050	6,220
Allocations and Designations Payable	(74,498)	(34,530)
Deferred Revenue	(4,000)	(1,500)
Net Cash Provided (Used) by Operating Activities	40,498	2,690
Cash Flows from Investing Activities:		
Payments for Equipment	(6,607)	-
Net Cash Used by Investing Activities	(6,607)	-
Net Increase (Decrease) in Cash	33,891	2,690
Cash at Beginning of Year	290,307	287,617
Cash at End of year	\$ 324,198	\$ 290,307
Reconciliation of Total Cash to Statements of Financial Position:		
Cash	\$ 268,666	\$ 234,942
Certificates of Deposit	55,532	55,365
Total Cash and Cash Equivalents	\$ 324,198	\$ 290,307

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services				
	Service Provider Relations	Community Initiative	Education & Technical Assistance	Total Program Services	General & Admin.	Fund Raising & Campaign	Contract Services - Combined Federal Campaign	Total Supporting Services	Total
Salaries	\$ 68,552	\$ -	\$ 42,436	\$ 110,988	\$ 107,724	\$ 107,724	\$ -	\$ 215,448	\$ 326,436
Payroll Taxes	5,417	-	3,354	8,771	8,513	8,513	-	17,026	25,797
Employee Benefits	6,388	-	3,953	10,341	10,038	10,038	-	20,076	30,417
	<u>80,357</u>	<u>-</u>	<u>49,743</u>	<u>130,100</u>	<u>126,275</u>	<u>126,275</u>	<u>-</u>	<u>252,550</u>	<u>382,650</u>
United Way of America Dues	12,818	-	-	12,818	-	-	-	-	12,818
Dues and Subscriptions	795	-	492	1,287	1,249	1,249	-	2,498	3,785
Computer Expense	-	-	-	-	-	-	-	-	-
Insurance	761	-	470	1,231	1,196	1,196	-	2,392	3,623
Education Initiative	-	28,228	-	28,228	-	-	-	-	28,228
Transportation	1,997	-	1,237	3,234	3,138	3,138	-	6,276	9,510
Miscellaneous	1,276	-	790	2,066	2,005	2,005	-	4,010	6,076
Meeting Expense	1,000	-	618	1,618	1,571	1,571	-	3,142	4,760
Occupancy	3,346	-	2,072	5,418	5,258	5,258	6,167	16,683	22,101
Office Supplies	522	-	324	846	820	820	-	1,640	2,486
Postage	881	-	544	1,425	1,384	1,384	-	2,768	4,193
Professional Fees	2,919	-	1,807	4,726	4,587	4,587	-	9,174	13,900
Campaign Printing and Advertising	5,335	-	3,303	8,638	8,383	8,383	-	16,766	25,404
Equipment Repair and Maintenance	1,355	-	839	2,194	2,129	2,129	-	4,258	6,452
Telephone	1,344	-	832	2,176	2,113	2,113	-	4,226	6,402
Training	387	-	240	627	608	608	-	1,216	1,843
Depreciation	92	-	58	150	145	145	-	290	440
Total	<u>\$ 115,185</u>	<u>\$ 28,228</u>	<u>\$ 63,369</u>	<u>\$ 206,782</u>	<u>\$ 160,861</u>	<u>\$ 160,861</u>	<u>\$ 6,167</u>	<u>\$ 327,889</u>	<u>\$ 534,671</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services				
	Service Provider Relations	Community Initiative	Education & Technical Assistance	Total Program Services	General & Admin.	Fund Raising & Campaign	Contract Services - Combined Federal Campaign	Total Supporting Services	Total
Salaries	\$ 58,102	\$ -	\$ 35,968	\$ 94,070	\$ 91,302	\$ 91,302	\$ 63,359	\$ 245,963	\$ 340,033
Payroll Taxes	4,898	-	3,031	7,929	7,697	7,697	4,653	20,047	27,976
Employee Benefits	2,678	-	1,658	4,336	4,209	4,209	3,580	11,998	16,334
	65,678	-	40,657	106,335	103,208	103,208	71,592	278,008	384,343
United Way of America Dues	13,197	-	-	13,197	-	-	-	-	13,197
Dues and Subscriptions	1,250	-	772	2,022	1,964	1,964	-	3,928	5,950
Computer Expense	327	-	203	530	514	514	1,377	2,405	2,935
Insurance	715	-	444	1,159	1,124	1,124	-	2,248	3,407
Education Initiative	-	33,517	-	33,517	-	-	-	-	33,517
Transportation	1,787	-	1,107	2,894	2,808	2,808	-	5,616	8,510
Miscellaneous	1,400	-	867	2,267	2,199	2,199	-	4,398	6,665
Meeting Expense	314	-	193	507	493	493	-	986	1,493
Occupancy	2,776	-	1,718	4,494	4,363	4,363	7,189	15,915	20,409
Office Supplies	1,750	-	1,084	2,834	2,750	2,750	-	5,500	8,334
Postage	285	-	176	461	448	448	-	896	1,357
Professional Fees	2,814	-	1,742	4,556	4,422	4,422	-	8,844	13,400
Campaign Printing and Advertising	7,501	-	4,643	12,144	11,788	11,788	-	23,576	35,720
Equipment Repair and Maintenance	1,021	-	631	1,652	1,604	1,604	-	3,208	4,860
Telephone	766	-	474	1,240	1,203	1,203	2,795	5,201	6,441
Training	843	-	522	1,365	1,325	1,325	-	2,650	4,015
Depreciation	-	-	-	-	-	-	-	-	-
Total	<u>\$ 102,424</u>	<u>\$ 33,517</u>	<u>\$ 55,233</u>	<u>\$ 191,174</u>	<u>\$ 140,213</u>	<u>\$ 140,213</u>	<u>\$ 82,953</u>	<u>\$ 363,379</u>	<u>\$ 554,553</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- A. Nature of Activities** - United Way of Cascade County (UWCC) is a non-profit corporation whose purpose is to mobilize community resources to meet priority human service needs. UWCC establishes and fosters partnerships to impact and improve education, income and health for the citizens of Great Falls and Cascade County. As one key strategy, UWCC funds programs through local organizations that demonstrate results aligning with these three community level issues. The resources and revenues raised are from individuals and businesses within Cascade County.
- B. Method of Accounting** - The financial statements of UWCC have been prepared utilizing the accrual basis of accounting.
- C. Financial Statement Presentation** - UWCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, UWCC is required to present a statement of cash flows.
- D. Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.
- E. Donor-Imposed Restrictions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

- F. Promises to Give/Pledges** - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. All unconditional promises to give are expected to be collected within one year. Conditional promises to give are not included as support until such time as the conditions are substantially met.
- G. Furniture and Equipment** - All expenditures for furniture and equipment and the fair value of donated items in excess of \$1,000 are capitalized. Purchased equipment is recorded at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Furniture and Fixtures	5 - 10 Years
Equipment	3 - 5 Years

- H. Donated Materials and Services** - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. Donated services relate to media and advertising services received. Total value of donated services recognized as revenue and expense for the years ended June 30, 2017 and 2016 are \$12,650 and \$12,100, respectively.
- I. Fund Raising** - UWCC conducts its annual campaign in September through December of each fiscal year. Non-designated support raised is allocated to participating service providers in that same year; however, payments of these allocations do not begin until July 1 of the next fiscal year. Pledges receivable are recorded in the balance sheet, and allowances are provided for amounts estimated to be uncollectible. Allocations are recorded as payables at the time UWCC informs the service providers of the amount they will receive. Designated support raised during the same campaign period is paid to service providers quarterly beginning April 1 of that year.
- J. Use of 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.
- K. Income Tax Status** - UWCC qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for federal and state income taxes.
- L. Cash and Cash Equivalents** - For the statement of financial position and statement of cash flows, cash and cash equivalents are defined as all monies in petty cash, checking, savings, money market accounts and certificates of deposit.
- M. Pledges Receivable** - Pledges receivable are due from donors who have promised to give money to UWCC. The allowance for doubtful accounts balance is the maximum amount reasonably expected to be uncollectible. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their pledge obligations. Receivables are considered uncollectible after they have been outstanding for one year.
- N. Subsequent Events:** Accounting standards establish principles setting forth the period after the balance sheet date during which management is required to evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. UWCC has evaluated subsequent events through September 19, 2017, which is the date the financial statements were available to be issued.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 2: OPERATING LEASE:

In November 2013, UWCC began a new five year lease agreement for office space. Minimum annual rent expense per the new lease agreement is as follows:

- \$10,200 for the first twelve month period
- \$11,400 for the second twelve month period
- \$12,900 for the third twelve month period
- \$14,400 for the fourth twelve month period
- \$15,900 for the fifth twelve month period

Rent expense was \$18,450 and \$15,550 for the years ended June 30, 2017 and 2016, respectively.

NOTE 3: CERTIFICATES OF DEPOSIT:

As of June 30, 2017 and 2016, certificates of deposit reflected in cash and cash equivalents are as follows:

	6/30/17		6/30/16	
	Interest Rate	Amount	Interest Rate	Amount
Certificate of Deposit - maturing 10/17/17	0.25%	\$ 18,638	0.25%	\$ 18,591
Certificate of Deposit - maturing 11/1/17	0.25%	17,834	0.25%	17,809
Certificate of Deposit - maturing 7/10/18	0.50%	19,060	0.50%	18,965
Total		\$ 55,532		\$ 55,365

NOTE 4: SCHEDULE OF ALLOCATIONS PAYABLE TO SERVICE PROVIDERS:

	6/30/17	6/30/16
Service Provider Allocations:		
Adult and Veterans Treatment Court	\$ 28,000	\$ 30,000
Alliance for Youth	16,040	21,000
Big Brothers and Big Sisters	9,000	15,000
Boys and Girls Club	14,500	25,000
CASA-CAN	18,500	10,000
Cascade County Law Clinic	18,500	8,000
Eagle Mount	14,000	17,000

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

	<u>6/30/17</u>	<u>6/30/16</u>
Service Provider Allocations (Continued):		
Family Connections	2,000	5,000
Family Promise	10,000	5,000
Foster Grandparents	13,000	15,000
Get Fit Great Falls	5,450	5,000
Great Falls Children's Receiving Home	11,200	17,000
Great Falls Public School District	11,500	-
Great Falls Senior Center	9,450	10,000
Habitat for Humanity	14,000	15,000
Juvenile Drug Court	4,450	4,000
Kairos Youth Services	20,000	25,000
Meals on Wheels	15,000	24,000
NeighborWorks	19,725	12,000
Opportunities Inc.	16,318	36,025
Peace Place Respite Care	11,560	15,000
Rural Dynamics	20,000	24,500
St. Vincent DePaul	23,500	17,000
Sunburst Unlimited	6,000	-
Voices of Hope	22,700	24,000
Young Parents' Education Center	19,000	20,000
YWCA Mercy Home	19,700	37,500
Total	<u><u>\$ 393,093</u></u>	<u><u>\$ 437,025</u></u>

NOTE 5: GROSS CAMPAIGN REVENUE AND DONOR DESIGNATIONS:

The UWCC served as the administrator for the Montana Combined Federal Campaign (CFC). Under industry standards, the UWCC is required to include in revenue, funds raised from separate federal and state campaigns such as the CFC. The total amount from the fall of 2015 CFC campaign included in gross campaign revenue and donor designations on the statement of activities for the year ended June 30, 2016 was \$421,716. After the fall 2015 campaign, the Montana CFC was merged with the Intermountain CFC. The Intermountain CFC is not administered by the UWCC. Consequently, the statement of activities for the year ended June 30, 2017, does not include any campaign revenue or donor designations from the CFC.

NOTE 6: RETIREMENT PLAN:

UWCC provides a SEP-IRA plan for its employees. All employees age 21 or older, earning \$450 or more per year with one year or more of service are eligible to participate. Contributions are based on nine percent of the employees' salaries. Contributions totaled \$16,383 and \$12,866 for the years ended June 30, 2017 and 2016, respectively.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7: PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are restricted to investments in perpetuity. Earnings from the related investments held in perpetuity will support unrestricted programs and operations.

NOTE 8: FAIR VALUE MEASUREMENT:

The UWCC applies the U.S. GAAP authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There have been no changes in the methodologies used at June 30, 2017 and 2016. The following tables present the assets that are measured at fair value on a recurring basis as of June 30 and are categorized using the three levels of the fair value hierarchy:

Fair Value as of June 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Perpetual Trust	\$ -	\$ -	\$ 79,765	\$ 79,765
Cash Surrender Value of Life Insurance	-	-	78,130	78,130
	<u>\$ -</u>	<u>\$ -</u>	<u>\$157,895</u>	<u>\$157,895</u>

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Fair Value as of June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Perpetual Trust	\$ -	\$ -	\$ 78,292	\$ 78,292
Cash Surrender Value of Life Insurance	-	-	73,817	73,817
	<u>\$ -</u>	<u>\$ -</u>	<u>\$152,109</u>	<u>\$152,109</u>

NOTE 9: BENEFICIAL INTEREST IN PERPETUAL TRUST:

UWCC has an interest in endowed funds of the Montana Community Foundation. Donors can give directly to the Montana Community Foundation for the benefit of UWCC, or donors give to UWCC which transfers the assets to the Montana Community Foundation. There are three funds held at the Montana Community Foundation for the benefit of UWCC. The Montana Community Foundation has variance power over the assets of two of these funds and they are not recorded on the financial statements of UWCC. The third fund is an “agency” account held on behalf of UWCC and this fund is recorded on UWCC's statement of financial position as a “Beneficial Interest in Perpetual Trust.” The Montana Community Foundation does not have variance power over the assets in this fund. The value shown on UWCC’s statement of financial position is the present value of estimated future cash flows to be received. UWCC has used the fair market value of the funds for this measurement. The Montana Community Foundation periodically distributes funds to UWCC based on earnings of the three endowments. These distributions are unrestricted and shown as investment income on the statement of activities. Distributions to UWCC were \$8,380 and \$7,961 for the years ended June 30, 2017 and 2016, respectively.

Following is the activity for the Montana Community Foundation funds:

	<u>MCF agency endowment fund recorded on the Statement of Net Position</u>	<u>MCF endowment funds not recorded on the Statement of Net Position</u>
Balance, June 30, 2016	\$78,292	\$105,394
Net Investment income	5,513	7,420
Distributions to UWCC	(3,559)	(4,821)
MCF administrative fees	<u>(481)</u>	<u>(647)</u>
Balance, June 30, 2017	<u>\$79,765</u>	<u>\$107,346</u>

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

	MCF agency endowment fund recorded on the Statement of Net Position	MCF endowment funds not recorded on the Statement of Net Position
Balance, June 30, 2015	\$81,146	\$109,754
Net Investment income	905	958
Distributions to UWCC	(3,283)	(4,678)
MCF administrative fees	(476)	(640)
Balance, June 30, 2016	<u>\$78,292</u>	<u>\$105,394</u>

NOTE 10: DESIGNATED FOR OPERATING RESERVE:

UWCC's policy is to maintain a minimum of three months or 25% of the Central Services Budget (CSB) up to a maximum of six months or 50% of the Central Services Budget.

UWCC has designated \$125,396 (approximately 30% of CSB) for 2017 and 2016, to be held in reserve when adverse economic conditions occur and contributions fall to the point that the most essential needs of the community are in danger. An example would be a disaster occurring which is beyond the capability of the funded services to absorb within their regular budgets and local funds are not available for use to meet a pressing community need.