

**United Way of the Wine Country**  
**(a California Not-for-Profit Corporation)**

**Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

Together with Independent Auditors' Report

# United Way of the Wine Country

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## ***Independent Auditors' Report***

To the Board of Directors of  
United Way of the Wine Country  
Santa Rosa, California

We have audited the accompanying financial statements of United Way of the Wine Country, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

### ***Auditors' 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 the Wine Country as of June 30, 2018 and 2017, 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.

*Dillwood Burkel & Millar, LLP*

Santa Rosa, California  
March 7, 2019

# United Way of the Wine Country

## Statements of Financial Position

As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 633,878	\$ 897,143
Restricted cash and cash equivalents	2,022,198	-
Short-term investments	115,013	114,209
Campaign pledges receivable, net	405,484	547,985
Grant receivables	70,000	60,493
Prepaid expenses and other current assets	33,520	28,690
<b>Total Current Assets</b>	3,280,093	1,648,520
<b>Property and Equipment, net</b>	8,338	15,299
<b>Investments</b>	1,212,873	977,128
<b>Deposits</b>	4,000	4,000
<b>Total Assets</b>	<u>\$ 4,505,304</u>	<u>\$ 2,644,947</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 129,072	\$ 119,831
Due to designated agencies, net	363,332	353,011
<b>Total Current Liabilities</b>	492,404	472,842
<b>Net Assets</b>		
Unrestricted		
Board designated	1,184,531	1,184,531
Undesignated	806,171	987,574
	1,990,702	2,172,105
Temporarily restricted net assets	2,022,198	-
<b>Total Net Assets</b>	4,012,900	2,172,105
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,505,304</u>	<u>\$ 2,644,947</u>

See accompanying Notes to Financial Statements

# United Way of the Wine Country

## Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Campaign pledges	\$ 1,871,520	\$ -	\$ 1,871,520
Donor designations	(716,073)	-	(716,073)
	1,155,447	-	1,155,447
Provision for uncollectible pledges	(90,985)	-	(90,985)
Net campaign revenue	1,064,462	-	1,064,462
Disaster relief contribution revenue	-	7,987,148	7,987,148
Underwriting and event revenue	60,890	-	60,890
Grant revenue	2,450	729,623	732,073
Donor designation fees	52,153	-	52,153
Administrative fees	94,080	-	94,080
Interest and dividend income	13,751	-	13,751
Gain (loss) on investments	(1,020)	-	(1,020)
In-kind contributions	137,471	-	137,471
Other income	7,384	-	7,384
Net assets released from restrictions	6,694,573	(6,694,573)	-
<b>Total Revenue and Support</b>	<u>8,126,194</u>	<u>2,022,198</u>	<u>10,148,392</u>
<b>Expenses</b>			
Program services	7,828,192	-	7,828,192
Fundraising	319,603	-	319,603
Management and general	159,802	-	159,802
<b>Total Expenses</b>	<u>8,307,597</u>	<u>-</u>	<u>8,307,597</u>
<b>Changes in Net Assets</b>	(181,403)	2,022,198	1,840,795
<b>Net Assets, Beginning of Year</b>	<u>2,172,105</u>	<u>-</u>	<u>2,172,105</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,990,702</u>	<u>\$ 2,022,198</u>	<u>\$ 4,012,900</u>

See accompanying Notes to Financial Statements

# United Way of the Wine Country

## Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Campaign pledges	\$ 2,195,825	\$ 28,557	\$ 2,224,382
Donor designations	(795,073)	-	(795,073)
	1,400,752	28,557	1,429,309
Provision for uncollectible pledges	(95,508)	-	(95,508)
Net campaign revenue	1,305,244	28,557	1,333,801
Underwriting and event revenue	10,750	10,000	20,750
Grant revenue	9,500	772,450	781,950
Donor designation fees	55,868	-	55,868
Administrative fees	10,811	-	10,811
Interest and dividend income	7,518	-	7,518
Gain on investments	2,429	-	2,429
In-kind contributions	77,522	-	77,522
Other income	28,211	-	28,211
Net assets released from restrictions	811,007	(811,007)	-
<b>Total Revenue and Support</b>	<u>2,318,860</u>	<u>-</u>	<u>2,318,860</u>
<b>Expenses</b>			
Program services	1,770,075	-	1,770,075
Fundraising	373,513	-	373,513
Management and general	172,391	-	172,391
<b>Total Expenses</b>	<u>2,315,979</u>	<u>-</u>	<u>2,315,979</u>
<b>Changes in Net Assets</b>	2,881	-	2,881
<b>Net Assets, Beginning of Year</b>	<u>2,169,224</u>	<u>-</u>	<u>2,169,224</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,172,105</u>	<u>\$ -</u>	<u>\$ 2,172,105</u>

See accompanying Notes to Financial Statements

# United Way of the Wine Country

## Statement of Functional Expenses For the Year Ended June 30, 2018

	Program Services	Fund- raising	Management and General	Total
Personnel:				
Salaries and related costs	\$ 593,056	\$ 169,445	\$ 84,722	\$ 847,223
Employee benefits	75,503	21,572	10,786	107,861
Total personnel	<u>668,559</u>	<u>191,017</u>	<u>95,508</u>	<u>955,084</u>
Allocations to agencies	6,483,295	-	-	6,483,295
Advertising and promotion	154,523	15,393	7,696	177,612
Office expense	143,075	4,980	2,490	150,545
In kind expenses	64,782	18,509	9,255	92,546
Occupancy	60,682	17,338	8,669	86,689
Professional contract services	62,250	17,786	8,893	88,929
Communications	36,934	10,553	5,276	52,763
Information technology	29,626	8,465	4,232	42,323
Accounting and legal	26,137	7,468	3,734	37,339
Affiliation dues	22,948	6,556	3,278	32,782
Travel	20,303	5,801	2,900	29,004
Awards and sponsorships	17,610	5,032	2,516	25,158
Insurance	15,226	4,350	2,175	21,751
Bank fees	9,838	2,811	1,405	14,054
Conferences and meetings	4,191	1,197	599	5,987
Postage and shipping	1,850	529	264	2,643
Other	1,491	426	216	2,133
	<u>7,823,320</u>	<u>318,211</u>	<u>159,106</u>	<u>8,300,637</u>
Depreciation	<u>4,872</u>	<u>1,392</u>	<u>696</u>	<u>6,960</u>
<b>Total Expenses</b>	<u><u>\$ 7,828,192</u></u>	<u><u>\$ 319,603</u></u>	<u><u>\$ 159,802</u></u>	<u><u>\$ 8,307,597</u></u>

See accompanying Notes to Financial Statements



# United Way of the Wine Country

## Statement of Functional Expenses For the Year Ended June 30, 2017

	Program Services	Fund-raising	Management and General	Total
Personnel:				
Salaries and related costs	\$ 534,924	\$ 224,323	\$ 103,534	\$ 862,781
Employee benefits	52,930	22,196	10,244	85,370
Total personnel	<u>587,854</u>	<u>246,519</u>	<u>113,778</u>	<u>948,151</u>
Allocations to agencies	879,390	-	-	879,390
In kind expenses	48,064	20,156	9,303	77,522
Occupancy	46,646	19,561	9,028	75,235
Professional contract services	35,163	14,746	6,806	56,715
Advertising and promotion	34,804	14,595	6,736	56,135
Information technology	22,944	9,622	4,441	37,006
Communications	22,070	9,255	4,272	35,596
Affiliation dues	19,540	8,194	3,782	31,516
Insurance	13,848	5,807	2,680	22,335
Travel	13,804	5,789	2,672	22,264
Accounting and legal	12,896	5,408	2,496	20,800
Awards and sponsorships	10,841	4,546	2,098	17,485
Office expense	9,400	3,942	1,819	15,162
Conferences and meetings	3,303	1,385	639	5,328
Bank fees	2,907	1,219	563	4,689
Postage and shipping	1,548	649	300	2,496
Other	<u>218</u>	<u>92</u>	<u>42</u>	<u>352</u>
	1,765,240	371,485	171,455	2,308,180
Depreciation	<u>4,835</u>	<u>2,028</u>	<u>936</u>	<u>7,799</u>
<b>Total Expenses</b>	<u><u>\$ 1,770,075</u></u>	<u><u>\$ 373,513</u></u>	<u><u>\$ 172,391</u></u>	<u><u>\$ 2,315,979</u></u>

See accompanying Notes to Financial Statements

# United Way of the Wine Country

## Statements of Cash Flows

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<i>Increase (decrease) in Cash and Cash Equivalents</i>	
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,840,795	\$ 2,881
Adjustments to reconcile changes in net assets to cash flows from operations:		
Provisions for uncollectible pledges	84,594	(101,040)
Depreciation	6,961	7,799
Interest and realized gains reinvested	(14,063)	-
Unrealized (gains) and losses	1,332	(2,429)
Stock contributions received	(21,827)	(21,119)
Decrease (increase) in assets:		
Campaign pledges receivable	57,907	(119,150)
Grant receivables	(9,507)	(60,493)
Prepaid expenses	(4,830)	(9,884)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	9,241	(1,721)
Due to designated agencies, net	10,321	67,789
<b>Net cash provided by (used in) operating activities</b>	<u>1,960,924</u>	<u>(237,367)</u>
<b>Cash flows from investing activities</b>		
Purchases of equipment	-	(2,698)
Purchases of certificates of deposit	(230,000)	(115,000)
Proceeds from sale of securities	28,009	211,905
<b>Net cash provided by (used in) investing activities</b>	<u>(201,991)</u>	<u>94,207</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,758,933	(143,160)
<b>Cash and cash equivalents, beginning of year</b>	<u>897,143</u>	<u>1,040,303</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,656,076</u>	<u>\$ 897,143</u>
Unrestricted cash and cash equivalents	\$ 633,878	\$ 897,143
Restricted cash and cash equivalents	<u>2,022,198</u>	<u>-</u>
	<u>\$ 2,656,076</u>	<u>\$ 897,143</u>

See accompanying Notes to Financial Statements

# United Way of the Wine Country

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## Notes to Financial Statements

For the Years Ended June 30, 2018 and 2017

### Note 1. Nature of Activities

United Way of the Wine Country (the "Organization") is a California not-for-profit corporation founded in 1967 operating under the provisions of Section 501(c)(3) of the Internal Revenue Code. Since its inception the Organization has encouraged local philanthropy and advanced the common good by creating opportunities for a better life for all individuals and families in Sonoma, Mendocino and Lake Counties. In 2009, the Organization expanded its service area to include Humboldt and Del Norte Counties.

The Organization ensures that donor investments produce measurable changes in people's lives and the community by focusing on underlying causes and commitment to improving the way community services are delivered. The Organization uses volunteers to stay on top of cutting edge philanthropic solutions through ongoing research of community needs, identifying, programmatic best practices, and making investments in organizations that demonstrate results. All program applications are reviewed for their articulation of the importance of the challenge they are targeting in the community, the appropriateness and credibility of the proposed strategy to address the challenge, the capability and capacity of their agency to carry out the program strategy, and the measurable benefit per dollar invested. As a leader, the Organization plays a significant role in engaging the community at-large as an advocate and change-agent for health and human service issues.

### Note 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Financial Statement Presentation

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. The provisions of these standards require the Organization to report its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions.

*Unrestricted net assets* – Net assets not subject to donor-imposed stipulations. Amounts designated for specific purposes by the Board of Directors are reported as unrestricted.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met by the actions of the Organization or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization did not have any temporarily restricted net assets as of June 30, 2018 and 2017.

# United Way of the Wine Country

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## Notes to Financial Statements

### For the Years Ended June 30, 2018 and 2017

#### Note 2. Summary of Significant Accounting Policies, *continued*

##### Financial Statement Presentation, *continued*

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that require they be maintained permanently by the Organization. The Organization did not have any permanently restricted net assets as of June 30, 2018 and 2017.

##### 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 based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relate to the collectability of campaign pledges receivable, depreciable lives of property and equipment, and functional expense allocation. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed, which limits the investment's use to long-term. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured amounts during the year.

As of June 30, 2018, the Organization held restricted cash and cash equivalents due to donor restrictions place on the assets.

##### Investments

Investments, which include certificates of deposit and funds maintained at the Community Foundation Sonoma County, are carried at fair value. Unrealized gains and losses are included in the statement of activities and changes in net assets.

##### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed principally on the straight-line method over useful lives ranging from three to ten years. Donated property is recorded at the estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted. It is the Organization's policy to capitalize property and equipment over \$2,000.

# United Way of the Wine Country

## Notes to Financial Statements

### For the Years Ended June 30, 2018 and 2017

#### Note 2. Summary of Significant Accounting Policies, *continued*

##### Fair Value Measurements

Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2: Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.
- Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment. All certificates of deposit held by the Organization were Level 1 investments at June 30, 2018 and 2017. Investment funds held at the Community Foundation of Sonoma County were Level 2 investments at June 30, 2018 and 2017.

##### Revenue Recognition

###### *Donor Designation Fees and Grants*

The Organization receives donor designation fees for administering and distributing donations received to donor-designated not-for-profit agencies. The Organization recognizes revenue at the time payment is made to the designated not-for-profit agency.

Grants received but not yet spent are recorded as deferred revenue.

###### *Contributions*

All unconditional contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

# United Way of the Wine Country

## Notes to Financial Statements

### For the Years Ended June 30, 2018 and 2017

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#### Note 2. Summary of Significant Accounting Policies, *continued*

##### Revenue Recognition, *continued*

##### *Annual Campaign*

The Organization conducts an annual campaign to raise funds to support various social service agencies in Sonoma, Mendocino Lake, Humboldt and Del Norte Counties. Pledges received from local individuals and businesses are recorded as revenue and a receivable upon receipt of the pledge, and an allowance is provided for amounts estimated as uncollectible. Included in these pledges are contributions designated by donors for other nonprofit organizations, for which the Organization serves as the primary fiscal agent in the solicitation and distribution of such pledges, net of related administrative fees. These pledges are included in campaign support and are deducted as donor designations to other organizations in the statement of activities to arrive at net campaign support.

The provision for uncollectible pledges is made on campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

##### *In-kind Contributions*

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist the Organization at events and fundraising activities; however, these donated services are not reflected in the financial statements as the services do not require specialized skills.

##### Advertising Expense

Advertising costs associated with direct mail fundraising and national advertising excerpts are expensed as incurred. The Organization incurred advertising expenses in the amount of \$170,830 and \$48,183 for the years ended June 30, 2018 and 2017.

##### Functional Expense Allocation

The cost of providing various programs and activities has been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and the Statements of Functional Expenses. Directly identifiable expenses are charged to programs and support services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

# United Way of the Wine Country

## Notes to Financial Statements

For the Years Ended June 30, 2018 and 2017

### Note 2. Summary of Significant Accounting Policies, *continued*

#### Income Taxes

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d).

The Organization determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2018, the Organization has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Organization's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for California.

#### New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities ("ASU 2016-14"), to improve the current net asset classification requirements and the information presented in financial statements and notes about not-for-profit-entities liquidity, financial performance, and cash flows. The adoption of ASU 2016-14 is effective for the Organization beginning July 1, 2018. Management is currently evaluating the impact of the provisions of ASU 2016-14 on the financial statements.

#### Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

### Note 3. Campaign Pledges Receivable

Campaign pledges receivable at June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
Campaign pledges	\$ 585,586	\$ 643,493
Allowance for uncollectable pledges	<u>(180,102)</u>	<u>(95,508)</u>
	<u>\$ 405,484</u>	<u>\$ 547,985</u>

# United Way of the Wine Country

## Notes to Financial Statements

For the Years Ended June 30, 2018 and 2017

### Note 4. Investments

Investments at June 30 consist of the following valued at fair market value:

	<u>2018</u>	<u>2017</u>
Short-term certificate of deposit	\$ 115,013	\$ 114,209
Long-term certificate of deposit	1,174,811	941,312
Community Foundation Fund	<u>38,062</u>	<u>35,816</u>
	<u>\$ 1,327,886</u>	<u>\$ 1,091,337</u>

Investment returns are comprised of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 13,751	\$ 7,518
Net realized gains	312	241
Net unrealized gains (losses)	<u>(1,332)</u>	<u>2,188</u>
	<u>\$ 12,731</u>	<u>\$ 9,947</u>

As described above, the Organization invests in various investment securities. Investment securities are exposed to interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the fair value of the investment balance.

### Note 5. Unemployment Self-insurance Reserve

The Organization maintains a reserve balance with a trust company to cover any unemployment claims filed by employees. The reserve balance for the years ended June 30, 2018 and 2017 was \$16,696 and \$18,679, respectively.

### Note 6. Concentrations

#### Cash and Cash Equivalents

At various times during the year ended June 30, 2018, the Organization had deposit amounts with a financial institution in excess of the \$250,000 Federal Deposit Insurance Corporation ("FDIC") insurance limit. At June 30, 2018, the Organization had approximately \$26,000 on deposit in excess of the FDIC insured amount.



# United Way of the Wine Country

## Notes to Financial Statements

### For the Years Ended June 30, 2018 and 2017

#### Note 6. Concentrations, *continued*

##### Disaster Relief Contributions

During the months following the North Bay fires, the Organization partnered with Redwood Credit Union (RCU) for RCU's fire relief program. Performing under a contract agreement, the Organization processed applications and made distributions from RCU's North Bay Fire Relief Fund to fire survivors. During this process, the Organization received from RCU fire relief contributions in the amount of \$5,033,500 as well as contract service revenue in the amount of \$100,500, which together represented 47% of the Organization's total revenue for the year ended June 30, 2018.

#### Note 7. Net Assets

##### Unrestricted Net Assets

Certain unrestricted net assets have been designated by the Boards of Directors. As of June 30, 2018 and 2017, the Board designated \$1,184,531 as operating reserves. The operating reserves were established to ensure the financial stability of the Organization in the event of significant loss of revenue or other unforeseen circumstances and is designed to fund six or more months of operating expenses. The Board designated reserves are to be spent as deemed appropriate by the board of directors with the intent to enhance or expand programs, establish and implement new programs, or to meet other community or operational needs. During the year ended June 30, 2018, the Board did not release any funds from operating reserve.

##### Temporarily Restricted Net Assets

Net assets that were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors for the years ended June 30 are as follows:

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Earn it! Keep it! Save it!	\$ 372,623	6%	\$ 381,200	47%
Fire Relief Fund	5,964,950	89%	333,307	41%
Schools of Hope	275,000	4%	89,900	11%
School Readiness Backpacks	82,000	1%	5,600	1%
	<u>\$ 6,694,573</u>	<u>100%</u>	<u>\$ 811,007</u>	<u>100%</u>

The entirety of the temporarily restricted net assets as of June 30, 2018 were restricted for the fire relief effort. There were no temporarily restricted net assets as of June 30, 2017.

Temporarily restricted net assets are included on the statement of financial position at June 30, 2018 as restricted cash and cash equivalents.

# United Way of the Wine Country

## Notes to Financial Statements

For the Years Ended June 30, 2018 and 2017

### Note 8. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 143,130	\$ 143,130
Office equipment	<u>57,995</u>	<u>57,995</u>
	201,125	201,125
Accumulated depreciation	<u>(192,787)</u>	<u>(185,826)</u>
	<u>\$ 8,338</u>	<u>\$ 15,299</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$6,961 and \$7,799, respectively.

### Note 9. Retirement Plan

The Organization has a 401(k) plan which covers all employees. Employees are eligible to begin participating in the plan on the first calendar quarter after the completion of three months of employment. Employees may make contributions in the form of payroll deductions up to the maximum annual amount set periodically by the Internal Revenue Service. The Organization made employer contributions to the plan of \$25,925 and \$21,446 during the years ended June 30, 2018 and 2017, respectively.

### Note 10. Related Party Transactions

Members of the Board of Directors made campaign contributions totaling \$5,500 and \$5,250, respectively, for the years ended June 30, 2018 and 2017 of which \$2,250 and \$1,500, respectively, were owed to the Organization as of June 30, 2018 and 2017.

During the years ended June 30, 2018 and 2017, the Organization paid \$32,783 and \$31,516, respectively, in national and state affiliation dues. No amount were owed to the affiliations at June 30, 2018 and 2017.

During the years ended June 30, 2018 and 2017, the Organization was awarded and received amounts of \$345,600 and \$345,000, respectively, in grants from organizations affiliated with members of the Board of Directors. No amount were outstanding as of June 30, 2018 and 2017.

# United Way of the Wine Country

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## Notes to Financial Statements

### For the Years Ended June 30, 2018 and 2017

#### **Note 11. Operating Lease Commitments**

The Organization leases its current office in Santa Rosa under a non-cancelable operating lease agreement which expires in April 2019 and provides for a renewal option. The Organization leases a storage facility on a month-to-month commitment. The Organization also leases equipment under an agreement classified as operating lease. The lease terms end February 2019.

Future minimum lease payments are \$43,993 for the year ending June 30, 2019.

Rent expense was \$67,491 and \$55,706 for the years ended June 30, 2018 and 2017, respectively.

#### **Note 12. Subsequent Events**

The Organization evaluated subsequent events from July 1, 2018 through March 7, 2019, the date the financial statements were available to be issued, and determined that there are no subsequent events that required recognition or additional disclosure in these financial statements.