United Way of Genesee County

Financial Report
with Supplemental Information
June 30, 2019

Contents

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Independent Auditor's Report

To the Board of Trustees
United Way of Genesee County

We have audited the accompanying financial statements of United Way of Genesee County (the "Organization"), which comprise the statement of financial position as of June 30, 2019 and 2018 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.

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 audits 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 Genesee County as of June 30, 2019 and 2018 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 3 to the financial statements, on July 1, 2018, the Organization adopted the provisions of Accounting Standards Codification (ASC) Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*, using the retrospective adoption method. Additionally, as described in Note 2, certain 2018 amounts have been restated to conform to the 2019 presentation as a result of a change in accounting policy. Our opinion is not modified with respect either of these matters.

Plante & Moran, PLLC

December 16, 2019

Statement of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 800,686	$ 2,362,466
Investments (Note 4)	4,071,289	2,329,123
Accounts receivable - Net:		
Trade accounts receivable	28,271	2,069
Grants receivable	364,203	287,052
Total accounts receivable - Net	392,474	289,121
Pledges receivable - Annual campaign - Net	1,183,969	1,347,796
Prepaid expenses	49,387	49,260
Beneficial interest in trusts held by third party (Note 5)	658,523	663,104
Property and equipment - Net (Note 7)	38,526	45,657
Total assets	**$ 7,194,854**	**$ 7,086,527**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 109,062	$ 73,441
Agency liabilities	10,350	15,776
Designation payable	97,796	92,712
Accrued compensation	57,047	49,748
Postretirement benefit obligations (Note 8)	1,092,626	1,125,354
Total liabilities	1,366,881	1,357,031
Net Assets		
Without donor restriction:		
Undesignated	1,379,079	1,701,857
Board designated (Note 9)	1,500,000	800,000
With donor restriction (Note 9)	2,948,894	3,227,639
Total net assets	5,827,973	5,729,496
Total liabilities and net assets	**$ 7,194,854**	**$ 7,086,527**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	$ -	$ 2,094,382	$ 2,094,382	$ -	$ 2,172,025	$ 2,172,025
Less provision for uncollectible pledges	-	(16,582)	(16,582)	-	(14,595)	(14,595)
Less donor designations	-	(123,138)	(123,138)	-	(120,100)	(120,100)
Net campaign results	-	1,954,662	1,954,662	-	2,037,330	2,037,330
Contributions and foundation grants	1,576,992	3,079,794	4,656,786	1,450,797	3,051,911	4,502,708
In-kind revenue	1,308,673	-	1,308,673	277,737	-	277,737
Designations from other United Ways	64,946	-	64,946	211,013	-	211,013
Special event revenue:						
Gross revenue	24,196	-	24,196	100,206	-	100,206
Direct benefit to donor costs	(37,064)	-	(37,064)	(96,059)	-	(96,059)
Service fees	76,455	-	76,455	97,480	-	97,480
Net realized and unrealized gain on investments	100,610	-	100,610	97,901	-	97,901
Investment income	87,059	-	87,059	113,794	-	113,794
Change in value of trusts held by third party	-	(4,581)	(4,581)	-	7,537	7,537
Miscellaneous income	5,072	-	5,072	7,687	-	7,687
Total revenue and support	3,206,939	5,029,875	8,236,814	2,260,556	5,096,778	7,357,334
Net Assets Released from Restrictions	5,308,620	(5,308,620)	-	4,416,018	(4,416,018)	-
Total revenue, support, and net assets released from restrictions	8,515,559	(278,745)	8,236,814	6,676,574	680,760	7,357,334
Expenses						
Program services:						
Gross funds awarded	1,423,361	-	1,423,361	1,325,321	-	1,325,321
Less donor designations	(123,138)	-	(123,138)	(120,100)	-	(120,100)
Net funds awarded	1,300,223	-	1,300,223	1,205,221	-	1,205,221
Community services	5,598,669	-	5,598,669	4,125,028	-	4,125,028
Labor	176,966	-	176,966	201,611	-	201,611
Community impact	296,818	-	296,818	337,899	-	337,899
Total program services	7,372,676	-	7,372,676	5,869,759	-	5,869,759
Support services:						
Management and general	339,600	-	339,600	378,730	-	378,730
Fundraising	435,421	-	435,421	683,645	-	683,645
Total expenses	8,147,697	-	8,147,697	6,932,134	-	6,932,134
Increase (Decrease) in Net Assets - Before other changes to net assets	367,862	(278,745)	89,117	(255,560)	680,760	425,200

See notes to financial statements.

Statement of Activities and Changes in Net Assets (Continued)

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Items						
Benefit-related changes other than net periodic retiree benefit costs	$ 56,876	$ -	$ 56,876	$ 312,324	$ -	$ 312,324
Payments to national organization	(47,516)	-	(47,516)	(49,045)	-	(49,045)
Total other items	9,360	-	9,360	263,279	-	263,279
Increase (Decrease) in Net Assets	377,222	(278,745)	98,477	7,719	680,760	688,479
Net Assets - Beginning of year	2,501,857	3,227,639	5,729,496	2,494,138	2,546,879	5,041,017
Net Assets - End of year	**$ 2,879,079**	**$ 2,948,894**	**$ 5,827,973**	**$ 2,501,857**	**$ 3,227,639**	**$ 5,729,496**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services					Support Services			
	Funds Awarded	Community Services	Labor	Community Impact	Total	Management and General	Fundraising	Total	Grand Total
Salaries	$ -	$ 591,673	$ 98,003	$ 168,250	$ 857,926	$ 178,224	$ 195,779	$ 374,003	$ 1,231,929
Employee benefits	-	167,023	41,704	68,545	277,272	61,620	2,039	63,659	340,931
Payroll taxes	-	45,048	7,537	12,321	64,906	12,856	15,127	27,983	92,889
Total salaries and related expenses	-	803,744	147,244	249,116	1,200,104	252,700	212,945	465,645	1,665,749
Net funds awarded	1,300,223	-	-	-	1,300,223	-	-	-	1,300,223
Contract and professional fees	-	140,134	16	12,270	152,420	41,324	48,729	90,053	242,473
Supplies	-	1,296,216	792	1,327	1,298,335	1,835	53,625	55,460	1,353,795
Occupancy	-	28,600	8,080	11,400	48,080	10,089	25,674	35,763	83,843
Telephone	-	4,801	1,776	1,170	7,747	3,711	4,261	7,972	15,719
Postage and shipping	-	816	231	337	1,384	421	709	1,130	2,514
Insurance	-	5,967	1,373	2,215	9,555	1,788	3,637	5,425	14,980
Printing and publications	-	-	43	-	43	43	13,544	13,587	13,630
Mileage payments and auto expense	-	24,038	5,169	959	30,166	1,786	6,254	8,040	38,206
Conferences, meetings, and travel	-	26,905	2,929	1,707	31,541	9,344	9,192	18,536	50,077
Subscriptions and dues	-	4,961	1,403	3,778	10,142	3,222	23,690	26,912	37,054
Equipment rental and maintenance	-	33,740	3,973	6,980	44,693	5,738	16,009	21,747	66,440
Utilities	-	862	244	344	1,450	477	1,246	1,723	3,173
Miscellaneous	-	63,652	304	434	64,390	2,710	6,930	9,640	74,030
Depreciation	-	11,996	3,389	4,781	20,166	4,412	8,976	13,388	33,554
Foundation grant expense	-	2,203,970	-	-	2,203,970	-	-	-	2,203,970
Fiscal sponsorship grant expense	-	948,267	-	-	948,267	-	-	-	948,267
Direct benefit to donor costs	-	-	-	-	-	-	37,064	37,064	37,064
Total functional expenses	**$ 1,300,223**	**$ 5,598,669**	**$ 176,966**	**$ 296,818**	**$ 7,372,676**	**$ 339,600**	**$ 472,485**	**$ 812,085**	**$ 8,184,761**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services					Support Services			
	Funds Awarded	Community Services	Labor	Community Impact	Total	Management and General	Fundraising	Total	Grand Total
Salaries	$ -	$ 559,310	$ 64,051	$ 196,785	$ 820,146	$ 177,843	$ 256,170	$ 434,013	$ 1,254,159
Employee benefits	-	165,139	57,218	71,190	293,547	87,651	123,269	210,920	504,467
Payroll taxes	-	43,395	4,791	13,754	61,940	13,506	19,853	33,359	95,299
Total salaries and related expenses	-	767,844	126,060	281,729	1,175,633	279,000	399,292	678,292	1,853,925
Net funds awarded	1,205,221	-	-	-	1,205,221	-	-	-	1,205,221
Contract and professional fees	-	302,301	32,975	9,033	344,309	34,677	65,500	100,177	444,486
Supplies	-	259,014	968	1,463	261,445	2,507	86,132	88,639	350,084
Occupancy	-	22,588	11,832	17,390	51,810	14,515	22,094	36,609	88,419
Telephone	-	5,369	2,615	2,576	10,560	4,024	5,071	9,095	19,655
Postage and shipping	-	1,821	936	1,390	4,147	1,374	1,613	2,987	7,134
Insurance	-	4,677	1,781	2,617	9,075	2,106	3,128	5,234	14,309
Printing and publications	-	-	173	-	173	-	11,954	11,954	12,127
Mileage payments and auto expense	-	9,889	7,395	973	18,257	909	8,116	9,025	27,282
Conferences, meetings, and travel	-	44,544	2,931	1,266	48,741	9,666	27,037	36,703	85,444
Subscriptions and dues	-	1,114	237	399	1,750	2,733	19,982	22,715	24,465
Equipment rental and maintenance	-	49,795	7,379	9,970	67,144	9,835	17,385	27,220	94,364
Utilities	-	1,220	655	963	2,838	909	1,939	2,848	5,686
Miscellaneous	-	74,284	567	624	75,475	3,827	5,430	9,257	84,732
Depreciation	-	3,850	5,107	7,506	16,463	12,648	8,972	21,620	38,083
Foundation grant expense	-	1,836,204	-	-	1,836,204	-	-	-	1,836,204
Fiscal sponsorship grant expense	-	740,514	-	-	740,514	-	-	-	740,514
Direct benefit to donor costs	-	-	-	-	-	-	96,059	96,059	96,059
Total functional expenses	**$ 1,205,221**	**$ 4,125,028**	**$ 201,611**	**$ 337,899**	**$ 5,869,759**	**$ 378,730**	**$ 779,704**	**$ 1,158,434**	**$ 7,028,193**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 98,477	$ 688,479
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	33,554	38,083
Bad debt expense	16,582	14,595
Change in postretirement benefit obligation	(32,728)	(143,662)
Realized and unrealized gain on investments	(100,610)	(97,901)
Change in value of trusts held by third party	4,581	(7,537)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(103,353)	(126,968)
Pledges receivable - Annual campaign	147,245	(234,635)
Prepaid expenses	(127)	(18,226)
Accounts payable and agency liabilities	30,195	(335,872)
Designation payable	5,084	(82,385)
Accrued compensation	7,299	(2,894)
Net cash and cash equivalents provided by (used in) operating activities	106,199	(308,923)
Cash Flows from Investing Activities		
Purchase of property and equipment	(26,423)	(1,999)
Purchases of investments	(2,293,490)	(173,163)
Proceeds from sales and maturities of investments	651,934	153,976
Net cash and cash equivalents used in investing activities	(1,667,979)	(21,186)
Net Decrease in Cash and Cash Equivalents	(1,561,780)	(330,109)
Cash and Cash Equivalents - Beginning of year	2,362,466	2,692,575
Cash and Cash Equivalents - End of year	**$ 800,686**	**$ 2,362,466**
Supplemental Cash Flow Information - Noncash activities - Benefit-related changes other than net periodic retiree benefit costs	$ 56,876	$ 312,324

See notes to financial statements.

Note 1 - Nature of Business

United Way of Genesee County (the "Organization") is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code whose purpose is to provide financial support for philanthropic, health and social, educational, and community organizations within Genesee County, Michigan through a public campaign for funds. The Organization's stated mission statement is threefold: uniting people, developing resources, and meeting community needs. The Organization is governed by a volunteer board of trustees.

Note 2 - Significant Accounting Policies

Flint Water Crisis

Cash contributions received and community services expenses decreased from fiscal year 2018 to 2019 due to the community's decreased response to the Flint water crisis during 2018 and 2019. Gross cash contributions related to the Flint water crisis totaled $409,973 and $633,450 and total expenditures were $269,114 and $664,271 for the years ended June 30, 2019 and 2018, respectively. Donated assets related to the Flint water crisis were $1,075,848 and $191,158, respectively, for the years ended June 30, 2019 and 2018. Donated assets related to the Flint water crisis comprised bottles of water and were valued based on the method described in the Donated Services and Assets significant accounting policy. Net assets with donor restrictions designated to the Flint water crisis at June 30, 2019 and 2018 totaled $200,649 and $59,790, respectively. United Way of Genesee County has not taken administrative fees out of any funds received for the Flint water crisis.

Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments in debt and equity securities are recorded at fair value based on quoted market prices. Certificates of deposit are recorded at cost.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as 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 value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Promises to Give

Unconditional intentions to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional intentions to give are recognized only when the conditions on which they depend are substantially met and the intentions become unconditional.

Pledges Receivable - Annual Campaign

Annual campaigns are conducted each year to raise support for allocation to participating agencies for the subsequent calendar year. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. All pledges receivable are expected to be collected within 14 months after the beginning of scheduled payments.

Note 2 - Significant Accounting Policies (Continued)

A provision for uncollectible pledges relating to annual campaigns has been provided based on the prior year's experience and the expectations of management as to collectibility. The provision is computed on the gross pledges receivable, including donor designations. Campaign pledges prior to the 2017 campaign have been deemed wholly uncollectible and, therefore, written off. However, if any campaign pledges prior to the 2017 campaign year are collected, they will be recorded as income in the year received. The allowance was $127,750 and $75,000 for 2018 and 2019, respectively.

The Organization receives contributions from individuals and businesses mainly located in the Genesee County, Michigan geographic region. Corporate and employee gifts of General Motors Corporation account for 64 percent of the 2019 campaign pledges and 63 percent of the 2018 campaign pledges.

Accounts Receivable

Accounts receivable are stated at invoice cost. Account balances are reviewed regularly to determine whether delinquent accounts should be written off. The Organization has no allowance for doubtful accounts for financial reporting purposes. All accounts receivable are considered collectible.

The Organization participated in a multiemployer pension plan, which has been terminated, and the remaining amounts due are from participant organizations. The Organization has paid 100 percent of the required contributions for all member organizations. The amount that is billed to other participants is included in accounts receivable and amounted to $27,638 and $138,193 during the fiscal years ended June 30, 2019 and 2018, respectively. The allowance was $0 and $138,193 for 2019 and 2018, respectively.

Grants Receivable

Grants receivable include receivables for services rendered by the Organization in accordance with grant contracts and reimbursements that have not been received as of year end. Grants receivable also include contributions made to the Organization outside of the annual campaign, including corporate and foundation gifts. An allowance for doubtful accounts has not been established, as all grants receivable are deemed collectible. The balance at June 30, 2019 and 2018 was $364,203 and $287,052, respectively. The payments are expected to be received within one year.

Property and Equipment

Property and equipment are recorded at cost when purchased or at the fair value at the date of donation. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives, except for leasehold improvements, which are depreciated over the lesser of the estimated useful lives or the life of the lease. Costs of maintenance and repairs are charged to expense when incurred.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property and equipment must be maintained, the Organization reports expirations of donor restrictions over time based on an estimate of the useful lives of the donated or acquired property and equipment.

Designation Payable

The Organization receives pledges from donors designating the resources to specified agencies. The Organization collects these resources and disburses the funds to the designated agencies. Designated pledges are excluded from contribution revenue, and the related disbursements to specified agencies are excluded from allocations in the statement of activities and changes in net assets.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restriction designated by the board primarily for capital improvements. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient under the contract.

Contributions without donor-imposed restrictions are reported as support without donor restrictions. Other restricted gifts, including those for which restrictions are met in the same period as the gift, are reported as restricted support and net assets with donor restrictions.

Unconditional promises to give and pledges receivable (annual campaign) with payments due in future periods are assumed to have an implicit time restriction. Those restrictions are released as contributions are collected or when allocations are made to recipient organizations based on those future collections.

Donated Services and Assets

The Organization receives volunteer services that are not recordable under accounting principles generally accepted in the United States of America. A number of volunteers have donated time to the Organization. The value of volunteer services is not disclosed, as no objective basis is available to measure the value of such services. Donated materials and services are recorded at the fair market value upon receipt. As of June 30, 2019 and 2018, approximately $1,308,673 and $277,737, respectively, of donated materials and services has been recognized by the Organization.

Functional Allocation of Expenses

The costs of providing program and support services have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited. Those expenses include salaries and benefits, depreciation, occupancy, and other office costs. Salaries and benefits, depreciation, occupancy, and other office costs are allocated based on a time and cost study of where efforts are made and programs and support services benefited.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Michigan, the Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). There were no unrelated business activities in 2019 and 2018. Accordingly, no tax expense was incurred during the years ended June 30, 2019 and 2018.

Concentration of Credit Risk Arising for Deposit Accounts

The Organization maintains cash balances at several institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or the United States Treasury temporary guarantee program in accordance with applicable program limits. At times, balances may exceed federally insured limits.

Reclassification

Certain 2018 amounts have been restated to conform to the 2019 presentation. The most significant reclassification is to present contributions for which restrictions are met in the same period as the receipt of the contribution as restricted support and net assets with donor restrictions. Previously, contributions for which restrictions were met in the same period as the receipt of the contribution were recorded as support without donor restriction. The effect of the reclassification was to increase contributions with restrictions and decrease contributions without restrictions by $2.3 million for the year ended June 30, 2018. There was no impact on net assets as of June 30, 2018.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 16, 2019, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current 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 or 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 will be effective for the Organization's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization has not yet determined which application method it will use. The Organization does not expect the new standard to significantly impact the amount or timing of revenue recognized; however, there will be substantial new disclosures once the rules are adopted.

Note 2 - Significant Accounting Policies (Continued)

The Financial Accounting Standards Board (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-to-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 operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations 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 effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No, 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Organization’s year ending June 30, 2020 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Organization, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated as follows: net assets of $2,564,535 previously reported as temporarily restricted net assets and net assets of $663,104 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions. Additionally, 2018 functional expenses on the statement of activities and changes in net assets had minimum changes that would have required restatement.

Note 4 - Investments

The investment objective of the Organization is to first provide for a reasonable level of liquidity to meet cash flow needs and, secondarily, to provide for long-term growth of assets available for investment in conjunction with a balanced operating budget under a prudent investment strategy (up to 60 percent of assets to be allocated to professional money managers). The investment of assets is intended to be done in a prudent manner, based upon sound financial judgment, to minimize credit and inflationary risk, which could erode investment principle. The finance committee must approve exceptions to the policy.

Investments consist of the following:

	2019	2018
Certificates of deposit	$ 638,475	$ 550,927
Mutual funds - Equity (Note 11)	2,509,355	1,069,294
Mutual funds - Fixed income (Note 11)	918,132	703,273
Common stock (Note 11)	5,327	5,629
Total	$ 4,071,289	$ 2,329,123

Interest and dividend income, net of investment fees, earned during the years ended June 30, 2019 and 2018 was $87,059 and $113,794, respectively.

Note 5 - Beneficial Interest in Trusts Held by Third Party

The Organization is the income beneficiary of various trusts held by financial institutions. Under the terms of the trust agreements, the Organization has the irrevocable right to receive a percentage of the income earned on trust assets in perpetuity; however, the Organization will never receive the assets held in the trusts. An asset with donor restrictions has been recorded based on the present value of the estimated future cash receipts from the trusts' assets. The balance at June 30, 2019 and 2018 was $658,523 and $663,104, respectively. Annual distributions from the trusts are reported as investment income, which increases net assets without donor restrictions. Adjustments to the amount reported as an asset, based on an annual review using the same basis as was used to measure the asset initially, are recognized as an unrealized gain or loss with donor restrictions.

Income distributions of $23,588 and $31,533 were received in 2019 and 2018, respectively.

Note 6 - Beneficial Interests Held by Third Party with Variance Power

The Organization has a beneficial interest in specific funds held by the Community Foundation of Greater Flint (the "Community Foundation"). Under the terms by which the Community Foundation has accepted the gift, the Organization can expect to receive distributions of income earned on these funds in perpetuity. The Organization will never receive the assets held by the Community Foundation. According to the terms of the gift, the income received from the beneficial interest can be used only for (1) responses to short-term crisis conditions impacting human survival among groups of people; (2) initial program startup to meet emerging new human needs; or (3) capital needs (e.g., land, buildings, and equipment).

These assets held by the Community Foundation are not recorded on the financial statements of the Organization since the Community Foundation maintains variance power over the distributions of income from this gift and could legally redirect the income from the assets to a different income beneficiary. Because the Community Foundation maintains variance power, the Organization has no legal right to the annual income from the assets. While the Community Foundation has the legal right to change the beneficiary, the Organization's management does not expect such a change to occur and expects to continue to receive income distributions annually from the assets held at the Community Foundation.

The fair value of the investments held by the Community Foundation in funds whereby the Community Foundation has variance power at June 30, 2019 and 2018 totaled $696,770 and $731,090, respectively.

Note 6 - Beneficial Interests Held by Third Party with Variance Power (Continued)

The Organization recognizes income annually for the income distributions received from the Community Foundation as change in value of trust held a by third party. Revenue of $44,261 and $26,844 was recognized in 2019 and 2018, respectively.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018	Depreciable Life - Years
Transportation equipment	$ 26,423	$ -	5
Computer equipment and software	125,369	125,369	3-5
Leasehold improvements	73,560	73,560	5-20
Total cost	225,352	198,929	
Accumulated depreciation	186,826	153,272	
Net property and equipment	$ 38,526	$ 45,657	

Depreciation expense for 2019 and 2018 was $33,554 and $38,083, respectively.

Note 8 - Other Postretirement Benefit Plan

The Organization has a plan that provides postretirement health benefits for certain individuals (the "Plan"). Employees are eligible if they retired on or after January 1, 1995 as a full-time employee. Eligible employees may receive benefits under the Plan after attaining the age of 60 as an active employee and after completing 10 or more years of service at the Organization and are not eligible for any other healthcare package, excluding Medicare. Benefits provided include hospital/medical benefits to the employee only and do not include the spouse or other dependents. The Organization funds the Plan in the year in which the benefits are paid.

Obligations and Funded Status

	Other Postretirement Benefits	
	2019	2018
Benefit obligation	$ 1,092,626	$ 1,125,354

Amounts recognized in the statement of financial position consist of the following:

	Other Postretirement Benefits	
	2019	2018
Beginning unfunded status	$ (1,125,354)	$ (1,269,016)
Service cost	(53,185)	(68,711)
Interest cost	(43,718)	(46,751)
Net actuarial loss	76,688	300,110
Benefits paid	30,954	38,263
Plan changes	1,197	-
Change due to change in assumptions	20,792	(79,249)
Funded status	$ (1,092,626)	$ (1,125,354)

Note 8 - Other Postretirement Benefit Plan (Continued)

Amounts not yet recognized as components of net periodic benefit cost consist of the following:

	Other Postretirement Benefits	
	2019	2018
Net actuarial gain	$ 577,081	$ 617,311
Transition asset	(194,136)	(258,848)
Total	$ 382,945	$ 358,463

In accordance with generally accepted accounting principles, the benefit obligation presented in the table above presents the accumulated benefit obligation for the postretirement benefits.

Components of net periodic benefit cost and other amounts recognized in other comprehensive income are as follows:

	Other Postretirement Benefits	
	2019	2018
Net Periodic Benefit Cost, Employer Contributions, and Benefits Paid		
Net periodic benefit cost	$ 121,385	$ 168,662
Employer contributions	30,954	38,263
Benefits paid	30,954	38,263
Other Changes in Plan Assets and Benefit Obligations Recognized		
Total recognized in benefit-related changes other than net periodic retiree cost - Net gain	56,876	312,324

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30 are as follows:

	Other Postretirement Benefits	
	2019	2018
Discount rate	4.00 %	4.00 %

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30 are as follows:

	Other Postretirement Benefits	
	2019	2018
Discount rate	4.00%	4.00%

The overall expected rate of return on plan assets represents a weighted-average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements.

Assumed Healthcare Cost Trend Rates at June 30

	2019	2018
Healthcare cost trend rate assumed for next year (pre-65)	7.50 %	8.00 %
Healthcare cost trend rate assumed for next year (post-65)	5.00 %	5.00 %

Note 8 - Other Postretirement Benefit Plan (Continued)

Cash Flow - Estimated Future Benefit Payments

The following postemployment benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending	Other Postretirement Benefits
2020	$ 33,976
2021	35,322
2022	29,847
2023	46,925
2024	49,775

Note 9 - Net Assets

The Organization's net assets are categorized and reported as follows:

Net Assets without Donor Restrictions

This portion of the Organization's net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenue earned from contributions without donor restrictions, grants without donor restrictions, building rental, investment income available for general operations, and all operating expenses is reported in this category. Net assets without donor restrictions of $1,500,000 and $800,000 have been designated as operating reserve for the years ended June 30, 2019 and 2018, respectively, based on the board resolutions.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	2019	2018
Purpose restricted:		
Flint water crisis	$ 200,649	$ 59,790
Don Burkes Memorial Bone Marrow	77,223	59,199
Ramp Program	38,193	37,407
Berston Program	189,818	169,653
United Way as grantee	644,587	830,385
Flint Kids Play	12,729	153,017
Play Ground Builds	41,000	-
Time restricted - General operations	1,086,172	1,255,084
To be held in perpetuity	658,523	663,104
Total net assets with donor restrictions	$ 2,948,894	$ 3,227,639

The portion of the Organization's net assets limited by donor-imposed restrictions that require the gift be maintained in perpetuity consist of the beneficial interests held by third parties.

Note 10 - Profit-sharing Plan and 401(k) Plan

On April 2, 2015, the United Way Employees Profit Sharing Plan, which was established on January 1, 1994, was rolled into the United Way of Genesee County 401(k) Plan. The plan was established to provide retirement benefits to employees after retirement at age 65 (normal retirement) or age 59½ (early retirement). The plan covers all employees of the Organization who are eligible under plan provisions.

Note 10 - Profit-sharing Plan and 401(k) Plan (Continued)

With regard to the profit-sharing plan, employer contributions are discretionary and are determined each year by management. Contributions made to the plan for the years ended June 30, 2019 and 2018 were $29,259 and $29,137, respectively.

With regard to the 401(k) plan, employer contributions for the 401(k) match are up to 3 percent each pay period and were $24,382 and $28,250 for the years ended June 30, 2019 and 2018, respectively.

Note 11 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2019 and 2018 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Investments:				
Money market mutual funds	$ 212,657	$ -	$ -	$ 212,657
Equity securities - Corporate	5,327	-	-	5,327
Mutual funds - Domestic equity	2,509,355	-	-	2,509,355
Mutual funds - Corporate fixed income	918,132	-	-	918,132
Total investments	$ 3,645,471	$ -	$ -	$ 3,645,471
Endowment investments - Trusts held by third party - Beneficial interest	$ -	$ -	$ 658,523	$ 658,523
Total				$ 4,303,994

Note 11 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Investments:				
Money market mutual funds	$ 192,675	$ -	$ -	$ 192,675
Equity securities - Corporate	5,629	-	-	5,629
Mutual funds - Domestic equity	862,647	-	-	862,647
Mutual funds - International equity	206,647	-	-	206,647
Mutual funds - Corporate fixed income	703,273	-	-	703,273
Total investments	$ 1,970,871	$ -	$ -	$ 1,970,871
Endowment investments - Trusts held by third party - Beneficial interest	$ -	$ -	$ 663,104	$ 663,104
Total				$ 2,633,975

Investments per the statement of financial position include CDs of $638,475 and $550,927 for the years ended June 30, 2019 and 2018, respectively, which are not included above. Listed above are money market mutual funds of $212,657 and $192,675 for the years ended June 30, 2019 and 2018, respectively, which are not included in investments on the statement of financial position.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2019 and 2018 are as follows:

	Beneficial Interests in Trusts Held by Third Party
Balance at July 1, 2018	$ 663,104
Total unrealized losses included in change in net assets	(4,581)
Balance at June 30, 2019	$ 658,523

	Beneficial Interests in Trusts Held by Third Party
Balance at July 1, 2017	$ 655,567
Total unrealized gains included in change in net assets	7,537
Balance at June 30, 2018	$ 663,104

Of the Level 3 assets still held by the Organization at June 30, 2019 and 2018, the unrealized (loss) gain was $(4,581) and $7,537 respectively, which is recognized in the accompanying statement of activities and changes in net assets.

Note 11 - Fair Value Measurements (Continued)

The fair value of beneficial interest in perpetual trusts at June 30, 2019 and 2018 was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments in beneficial trusts based on the fair value of the assets in the trust unless the facts and circumstances indicate the fair value would be different from the present value of estimated future distributions.

Note 12 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2019	2018
Cash and cash equivalents	$ 800,686	$ 2,362,466
Accounts and grants receivable	392,474	289,121
Pledges receivable - Net of allowance and designations payable	1,086,173	1,255,084
Short-term investments	3,590,246	2,329,123
Financial assets - At year end	5,869,579	6,235,794
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	1,204,199	1,246,841
Allocations to be paid within one year	1,115,000	1,034,000
Financial assets available to meet cash needs for general expenditures within one year	$ 3,550,380	$ 3,954,953

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments. The Organization's board has designated net assets to support both strategic initiatives and a short-term disruption in revenue in the amount of $1,500,000 and $800,000 as of June 30, 2019 and 2018, respectively. These amounts have been included in the total financial assets available to management for general expenditure within one year.

Note 13 - Subsequent Events

Subsequent to year end, the Organization received notification that, as beneficiary of a trust, it should be receiving approximately $460,000 once the trust activity has been finalized.

Also, the board of trustees approved program allocations (amounts payable to local agencies) of $1,115,000. These allocations will be paid during the fiscal year ending June 30, 2020.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Trustees
United Way of Genesee County

We have audited the financial statements of United Way of Genesee County (the "Organization") as of and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated December 16, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of initial and final pledge campaign uncollectible reserves is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

December 16, 2019

Schedule Initial and Final Pledge Campaign Uncollectible Reserves
2013 Through 2017 Pledge Campaigns

				Initial Uncollectible Reserve Established		Final Uncollectible Reserve Realized	
Pledge Campaign Year	Agency Fiscal Year	Percentage of Campaign Collected as of Fiscal Year End	Total Campaign Pledges	Dollar Amount	Percent of Campaign	Dollar Amount	Percent of Campaign
2013	2014	59.53%	$ 2,339,306	$ 140,358	6.00%	$ 145,789	6.23%
2014	2015	60.55	2,399,628	143,978	6.00	136,476	5.69
2015	2016	46.48	1,787,468	143,614	8.00	116,939	6.54
2016	2017	45.74	2,259,065	112,953	5.00	1,205	0.01
2017	2018	47.20	2,129,167	127,750	6.00	72,741	3.35