

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Financial Statements

Years Ended June 30, 2018 and 2017

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Financial Statements

Years Ended June 30, 2018 and 2017

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Independent Auditor's Report

Board of Directors
United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of United Way of Greater Mercer County and Affiliate, which comprise the combined statements of financial position as of June 30, 2018 and 2017, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of UWGMC and Affiliate as of June 30, 2018 and 2017, and the results of their operations and their cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information in Relation to Combined Financial Statements as a Whole

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information, except for that portion marked "unaudited", has been subjected to the auditing procedures applied in the audit 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 combined financial statement or to the combined financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Sax LLP

Clifton, New Jersey
January 15, 2019

United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]

Combined Statements of Financial Position

	June 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 267,235	\$ 700,531
Investments	1,174,186	1,071,644
Pledges receivable (net of uncollectible amount)	328,113	451,429
Grants receivable	58,234	37,000
Other assets	12,365	20,442
Other receivable	7,545	15,689
Prepaid expenses	9,516	63,943
Bequest receivable	38,950	50,548
Beneficial interest in assets held by a foundation	124,446	114,900
Property and equipment, net	207,249	287,583
TOTAL ASSETS	\$ 2,227,839	\$ 2,813,709
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 431,595	\$ 182,972
Due to service providers	22,500	24,167
Designations payable	4,053	32,558
Line of credit	75,000	-
Capital lease obligation	127,920	191,556
Deferred rent	671,261	719,892
Total liabilities	1,332,329	1,151,145
NET ASSETS		
Undesignated	(753,070)	202,309
Board designated	1,377,200	1,297,557
Investment in property and equipment	21,075	21,075
Net unrestricted	645,205	1,520,941
Temporarily restricted	224,283	115,601
Permanently restricted	26,022	26,022
Total net assets	895,510	1,662,564
TOTAL LIABILITIES AND NET ASSETS	\$ 2,227,839	\$ 2,813,709

See Independent Auditor's Report and Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Campaign results	\$ 925,063	\$ -	\$ -	\$ 925,063
Less donor designations	(132,237)	-	-	(132,237)
Plus prior year campaign collections	21,324	-	-	21,324
Less provision for uncollectible pledge	(216,880)	-	-	(216,880)
Net campaign results	597,270	-	-	597,270
SUPPORT				
Grants and contracts	4,424	715,226	-	719,650
Contributions from estates and trusts	12,758	-	-	12,758
Insurance claim proceeds	14,260	-	-	14,260
In-kind gifts	8,485	-	-	8,485
Designations revenue	150,141	-	-	150,141
Rental income	157,310	-	-	157,310
Miscellaneous revenue	31,958	-	-	31,958
Special event revenue	41,058	-	-	41,058
Investment Income	8,417	-	-	8,417
Interest expense	(10,561)	-	-	(10,561)
Realized (loss) on investments	(97)	-	-	(97)
Realized (loss) on beneficial interest in assets held by a foundation	(1,054)	-	-	(1,054)
Unrealized gain on investments	91,035	-	-	91,035
Unrealized gain on beneficial interest in assets held by a foundation	5,906	-	-	5,906
Net assets released due to satisfaction of purpose restrictions	606,544	(606,544)	-	-
Net revenues and support	1,717,853	108,682	-	1,826,535
FUNCTIONAL EXPENSES				
Program Services				
Program and initiative expenses	1,966,899	-	-	1,966,899
Total program services	1,966,899	-	-	1,966,899
Supporting Services				
Management and general	262,682	-	-	262,682
Resource development	364,008	-	-	364,008
Total supporting services	626,690	-	-	626,690
Total functional expenses	2,593,589	-	-	2,593,589
Increase (decrease) in net assets	(875,736)	108,682	-	(767,054)
NET ASSETS, beginning of year	1,520,941	115,601	26,022	1,662,564
NET ASSETS, end of year	<u>\$ 645,205</u>	<u>\$ 224,283</u>	<u>\$ 26,022</u>	<u>\$ 895,510</u>

See Independent Auditor's Report and Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Campaign results	\$ 3,505,050	\$ -	\$ -	\$ 3,505,050
Less donor designations	(1,659,383)	-	-	(1,659,383)
Plus prior year campaign collections	119,549	-	-	119,549
Less provision for uncollectible pledge	(85,799)	-	-	(85,799)
Net campaign results	1,879,417	-	-	1,879,417
SUPPORT				
Grants and contracts	8,535	149,610	-	158,145
Contributions from estates and trusts	11,165	-	-	11,165
Insurance claim proceeds	15,720	-	-	15,720
Designations revenue	85,850	-	-	85,850
Rental income	181,903	-	-	181,903
Miscellaneous revenue	5,842	-	-	5,842
Special event revenue	45,321	-	-	45,321
Investment income	28,937	-	-	28,937
Interest expense	(13,191)	-	-	(13,191)
Realized (loss) on investments	(97)	-	-	(97)
Realized (loss) on beneficial interest in assets held by a foundation	(1,054)	-	-	(1,054)
Unrealized gain on investments	91,035	-	-	91,035
Unrealized gain on beneficial interest in assets held by a foundation	16,395	-	-	16,395
Net assets released due to satisfaction of purpose restrictions	485,914	(485,914)	-	-
Net revenues and support	2,841,692	(336,304)	-	2,505,388
FUNCTIONAL EXPENSES				
Program Services				
Program and initiative expenses	1,871,445	-	-	1,871,445
Total program services	1,871,445	-	-	1,871,445
Supporting Services				
Management and general	215,237	-	-	215,237
Resource development	308,826	-	-	308,826
Total supporting services	524,063	-	-	524,063
Total functional expenses	2,395,508	-	-	2,395,508
Increase (decrease) in net assets	446,184	(336,304)	-	109,880
NET ASSETS, beginning of year	1,074,757	451,905	26,022	1,552,684
NET ASSETS, end of year	<u>\$ 1,520,941</u>	<u>\$ 115,601</u>	<u>\$ 26,022</u>	<u>\$ 1,662,564</u>

See Independent Auditor's Report and Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services			Support Services			Total Expenses
	Community Impact	Special Programs & Grants	Total Program Services Expenses	Management and General	Resource Development	Total Supporting Services	
Service provider fees	\$ 252,514	\$ -	\$ 252,514	\$ -	\$ -	\$ -	\$ 252,514
Payroll	258,944	279,223	538,167	44,425	182,225	226,650	764,817
Payroll taxes and benefits	68,471	51,668	120,139	16,717	48,451	65,168	185,307
Total payroll	<u>327,415</u>	<u>330,891</u>	<u>658,306</u>	<u>61,142</u>	<u>230,676</u>	<u>291,818</u>	<u>950,124</u>
2-1-1 contract expense	43,333	-	43,333	-	-	-	43,333
Program expenses	-	74,317	74,317	-	-	-	74,317
Professional fees	-	17,250	17,250	98,216	-	98,216	115,466
Consulting services	129,552	-	129,552	23,904	52,743	76,647	206,199
Rent	133,911	429,505	563,416	19,011	38,022	57,033	620,449
Utilities	1,025	-	1,025	146	293	439	1,464
Equipment expense	14,253	12,605	26,858	1,563	3,526	5,089	31,947
Office supplies	55	6,085	6,140	4,178	2,129	6,307	12,448
Telecommunications	28,647	8,347	36,994	3,381	7,512	10,893	47,887
Insurance	78	-	78	21,675	-	21,675	21,753
Advertising and promotional	1,888	18,916	20,804	-	5,906	5,906	26,710
Printing and materials	-	7,658	7,658	2,236	407	2,643	10,301
Travel expense	1,276	4,368	5,644	1,333	2,731	4,064	9,708
Training expense	110	-	110	1,686	2,716	4,402	4,512
Meetings and events	1,106	9,793	10,899	2,577	5,938	8,515	19,414
Postage	-	4,627	4,627	1,398	-	1,398	6,025
United Way Worldwide dues	23,072	-	23,072	3,260	6,521	9,781	32,853
Dues and subscriptions	45	-	45	3,868	4,600	8,468	8,513
Bank and credit card fees	992	1,169	2,161	4,534	-	4,534	6,695
Depreciation	3,000	77,001	80,001	333	-	333	80,334
Office move	-	-	-	8,242	-	8,242	8,242
Special event expenses	-	2,095	2,095	-	288	288	2,383
Total Expenses	\$ 962,272	\$ 1,004,627	\$ 1,966,899	\$ 262,682	\$ 364,008	\$ 626,690	\$ 2,593,589

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Combined Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services			Support Services			Total Expenses
	Community Impact	Special Programs & Grants	Total Program Services Expenses	Management and General	Resource Development	Total Supporting Services	
Service provider fees	\$ 90,167	\$ -	\$ 90,167	\$ -	\$ -	\$ -	\$ 90,167
Payroll	317,440	199,809	517,249	36,312	138,395	174,707	691,956
Payroll taxes and benefits	90,862	56,577	147,439	9,012	39,613	48,625	196,064
Total payroll	<u>408,302</u>	<u>256,386</u>	<u>664,688</u>	<u>45,324</u>	<u>178,008</u>	<u>223,332</u>	<u>888,020</u>
2-1-1 contract expense	40,000	-	40,000	-	-	-	40,000
Program expenses	-	109,446	109,446	-	-	-	109,446
Professional fees	-	6,904	6,904	110,581	-	110,581	117,485
Consulting services	91,066	57,321	148,387	10,417	39,702	50,119	198,506
Rent	87,218	476,618	563,836	9,977	38,025	48,002	611,838
Utilities	4,475	2,817	7,292	512	1,951	2,463	9,755
Equipment expense	6,964	15,151	22,115	5,303	3,036	8,339	30,454
Office supplies	2,209	7,012	9,221	3,535	918	4,453	13,674
Telecommunications	17,185	17,978	35,163	1,966	7,492	9,458	44,621
Insurance	-	-	-	21,026	-	21,026	21,026
Advertising and promotional	8,534	13,155	21,689	976	3,721	4,697	26,386
Printing and materials	1,348	9,816	11,164	186	3,663	3,849	15,013
Travel expense	2,510	3,353	5,863	295	2,710	3,005	8,868
Training expense	3,696	487	4,183	384	2,725	3,109	7,292
Meetings and events	5,350	5,777	11,127	715	11,290	12,005	23,132
Postage	551	1,497	2,048	337	521	858	2,906
United Way Worldwide dues	14,709	9,259	23,968	1,683	6,413	8,096	32,064
Dues and subscriptions	361	75	436	1,385	6,229	7,614	8,050
Bank and credit card fees	3,804	4,202	8,006	435	1,659	2,094	10,100
Depreciation	1,750	75,571	77,321	200	763	963	78,284
Special event expenses	-	8,421	8,421	-	-	-	8,421
Total Expenses	\$ 790,199	\$ 1,081,246	\$ 1,871,445	\$ 215,237	\$ 308,826	\$ 524,063	\$ 2,395,508

United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]

Combined Statements of Cash Flows

	Years Ended June 30,	
	2018	2017
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (767,054)	\$ 109,880
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
Unrealized loss on investments	69,044	107,430
Realized (gain) on investments	(87)	(97)
Loss on disposal of equipment	-	4,506
Change in reserve for uncollectible pledges	(71,166)	(71,166)
Depreciation	80,334	78,286
(Increase) decrease in assets		
Pledges receivable	194,482	90,098
Grants receivable	(21,234)	321,168
Other assets	8,077	(2,528)
Other receivable	8,144	(4,933)
Prepaid expenses and other receivables	54,427	4,440
Bequest receivable	11,598	23,191
Beneficial interest in assets held by a foundation	(15,452)	(4,956)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	248,624	13,262
Due to service providers	(1,667)	24,167
Designations payable	(28,505)	(33,416)
Deferred rent	(48,631)	(34,615)
	<u>(279,066)</u>	<u>624,717</u>
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of equipment	-	(6,115)
Proceeds from sale of securities	4,927	26,630
Purchase of investments	(170,521)	(223,267)
	<u>(165,594)</u>	<u>(202,752)</u>
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Borrowing from the line of credit	75,000	-
Principal repayments on capital lease	(63,636)	(54,822)
	<u>11,364</u>	<u>(54,822)</u>
Increase (decrease) in cash and cash equivalents	(433,296)	367,143
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	700,531	333,388
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 267,235	\$ 700,531

See Independent Auditor's Report and Notes to Combined Financial Statements.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies

a. Principles of Combination

The accompanying combined financial statements include the accounts of United Way of Greater Mercer County ("UWGMC") and Collaboration Sciences, Inc. ("Collaboration Sciences"). Hereinafter, the combined entities are referred to as "the Organization". All inter-company balances and transactions have been eliminated in the combination. Collaboration Sciences was formed during the year ended June 30, 2015.

UWGMC and Collaboration Sciences share common board members and management.

b. Organization and Purpose

UWGMC is an independent non-profit organization, which has a long history of service to the community of more than 75 years. UWGMC is committed to harnessing, leveraging, and strategically engaging the collective power of donors, advocates, and volunteers to drive measurable results that produce social and economic benefits to the community at large.

UWGMC is an affiliate of United Way Worldwide. United Way Worldwide is a leadership and support organization for the network of 1,800 community based United Ways in 41 countries and territories around the world. United Way recruits people and organizations in communities who bring passion, expertise, and resources needed to create lasting change.

UWGMC contracts with New Jersey 2-1-1 Partnership ("2-1-1") for its information and referral assistance in the community. 2-1-1 connects people with specific human service needs to programs serving the community. Referrals are made to quality programs and follow-up is done to assure satisfaction.

Collaboration Sciences, Inc. is a membership organization whose mission is to create collaboration opportunities for non-profit organizations and community based organizations. Collaboration Sciences, Inc. incorporates a flexible workplace model for the non-profit sector and community based organizations to facilitate the reduction of operational costs while increasing capacity and allowing the member companies to advance their missions finding collaboration opportunities with other organizations to serve a larger population. The Organization decided to cease operations in September 2018 of Collaboration Sciences Inc. due to losses since its inception.

c. Basis of Accounting

The combined financial statements of UWGMC and Affiliate have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies - Continued

d. Basis of Presentation

External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Unrestricted net assets are not subject to donor imposed restrictions. Temporarily restricted net assets are subject to donor imposed restrictions that will be met by the passage of time or which will be fulfilled by the actions of the organization. Permanently restricted net assets are subject to donor imposed stipulations that are to be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. For the years ended June 30, 2018 and 2017, the Organization had accounting transactions in all three net asset categories.

e. Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

f. Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. The provision for uncollectible pledges is determined based upon historical experience with donors.

UWGMC closely monitors pledges receivable. The receivables are evaluated and an allowance for doubtful accounts is established based on a history of write-offs and collections and other factors that might result in uncollectible balances. The allowance at June 30, 2018 and 2017 was \$58,000 and \$118,000, respectfully.

g. Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to United Way of Greater Mercer County, that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires during the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released due to satisfaction purpose restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the periods received.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies - Continued

g. Public Support and Revenue Recognition - Continued

UWGMC receives donated services from volunteers, officers and directors, and other organizations to support fundraising and administrative efforts. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition. There are also several gift campaigns operated for the benefit of the community where goods are received by the UWGMC and then distributed to recipients. The values of these donations has been recorded as contributions at their fair values at the date of donation and are included on the statements of activities under the caption "In-kind gifts". For the year ended June 30, 2018 in-kind contributions were recorded in the amount of \$8,485. No in-kind contributions were recorded at June 30, 2017.

h. Donor Designated Funds

UWGMC receives funds that are considered pass through items that have been designated by the donor to other nonprofit entities. These funds have been treated as liabilities until the funds are disbursed as they are not pledges or revenue to United Way of Greater Mercer County. These funds also include several charitable giving campaigns run by local companies for which UWGMC is processing the transactions for the employer.

i. Rental Income

Income derived from the rental of office space is recognized during the period in which the premises are occupied and rent is due from tenants.

UWGMC donated office space to outside not for profit organizations. The value of these donations has been recorded at their fair values based on the lease agreement and are reflected on the statements of activities under the caption "In-kind gifts". For the years ended June 30, 2018 and 2017, the total value of donated rent revenue to outside not for profit organizations was \$0 and \$0, respectively.

j. Property, Equipment, and Depreciation

Property and equipment are recorded at cost, except for donated items that are recorded at fair value on the date of donation. Donated property and equipment is recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. Depreciation is provided over the useful life of the underlying asset, ranging between a 3 to 39 year period, using the straight-line method. Depreciation expense amounted to \$80,334 and \$78,286, respectively, for the years ended June 30, 2018 and 2017.

Major replacements and improvements of property and equipment are capitalized. Minor replacements, repairs, and maintenance are charged to expense as incurred. Upon retirement or sale, the cost of the assets disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in operations.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies - Continued

k. Investments

UWGMC carries investments at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and dividend income is recognized when earned.

l. Fair Value Measurements

UWGMC values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value instruments, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement dates for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, UWGMC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual Funds, US Mortgage Pools, and Asset Backed Securities

The fair value of mutual funds, US mortgage pools, and asset backed securities is the market value based on quoted market prices or market prices provided by recognized broker dealers. Mutual funds, US mortgage pools, and asset backed securities have been classified as Level 1.

Beneficial Interest in Trusts

Valuation inputs utilized to determine the fair value of the beneficial interest in perpetual trusts include the market value of the underlying assets within the trust as provided by the trustee and the Organization's proportionate share of the trust assets. Trust assets are held by a third party trustee. The Organization does not control the underlying assets of the trust nor does it have the ability to make investment decisions. Accordingly, beneficial interest trusts have been classified as Level 3.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies - Continued

m. Income Taxes

UWGMC is a not-for-profit corporation exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been recorded in the combined statements of activities and changes in net assets.

Collaboration Sciences, Inc. is a not-for-profit corporation exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. As such, no provision for income taxes has been recorded in the combined statements of activities and changes in net assets.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of this guidance.

n. Functional Allocation of Expenses

The costs of providing program and support services have been summarized on a functional basis. Expenses are allocated to each function or program based on time spent by the Organization's staff in each of these areas which is consistent with the benefit derived by each program. In recognition of the work in focusing more closely on efforts that support the strategic vision of the Organization to achieve a lasting impact in the community served, all programmatic activity is aligned into what is called Community Impact.

o. Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. Recent Accounting Pronouncements

In May 2015, the ("FASB") Financial Accounting Standards Board issued ASU 2015-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies - Continued

p. Recent Accounting Pronouncements - Continued

This standard will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2015-09; or (b) retrospective with the cumulative effect of initially applying ASU 2015-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2015-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2015-09 on the combined financial statements.

In February 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the Organization's financial statements.

In August 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under this guidance, how a not-for-profit entity classifies its net assets will be simplified. The new standard improves how an organization presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The guidance is effective for fiscal years beginning after December 15, 2017.

q. Subsequent Events

The Organization has evaluated subsequent events for potential recognition and disclosure through January 15, 2019 which is the date these combined financial statements were available to be issued. The Organization decided to cease operations of Collaboration Sciences, Inc. due to significant losses since its inception. In September 2018, Collaboration Sciences, Inc. entered into a settlement agreement with the landlord concerning lease for the office space that Collaboration Sciences, Inc. held. Pursuant to the Settlement Agreement, the landlord released Collaboration Sciences, Inc. and the Organization from any and all claims arising out of the lease agreement. All remaining assets were transferred to United Way of Greater Mercer County. The Organization is in the process of closing the corporation.

Note 2 - Pledges Receivable

Pledges receivable are the amounts due from individual and corporate contributors in the New York, New Jersey, and Connecticut area as a result of the annual campaign. Campaign pledge contributions are generally paid within one year. UWGMC provides an allowance for uncollectible pledges based on historical collection experience at the time campaign results are recorded.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 2 - Pledges Receivable - Continued

Details of the pledges receivable are as follows:

	June 30	
	2018	2017
Corporate and individual pledges receivable	\$ 386,113	\$ 569,429
Less allowance for uncollectible pledges	(58,000)	(118,000)
Total pledges receivable	\$ 328,113	\$ 451,429

Note 3 - Bequest Receivable

During the year ended June 30, 2006, UWGMC received a bequest from an estate and is to receive funds as follows per the unit trust agreement:

	June 30,	
	2018	2017
Receivable in less than one year	\$ 24,356	\$ 24,356
Receivable in one to five years	18,267	30,445
Total bequest receivable	42,623	54,801
Less discount to net present value	3,673	4,253
Net bequest receivable	\$ 38,950	\$ 50,548

The present value of the future benefits expected to be received by UWGMC is estimated based on the donor life expectancy and the use of a 5% discount rate.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 4 - Investments

Investments are reported at fair value. All investments held by UWGMC at June 30, 2018 and 2017 are classified in Level 1 since their fair value is determined based on quoted prices in an active market exchange. Fair values and unrealized appreciation (depreciation) by investment type are summarized as follows:

	June 30, 2018		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Operating			
U.S. Mortgage pools	\$ 32,003	\$ 19,563	\$ (12,440)
Endowment	782,226	1,154,623	372,398
	\$ 814,228	\$ 1,174,186	\$ 359,958
	June 30, 2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Operating			
U.S. Mortgage pools	\$ 34,783	\$ 19,659	\$ (15,124)
Endowment	775,491	1,051,985	276,494
	\$ 810,274	\$ 1,071,644	\$ 261,370

Investment income is comprised of the following for the fiscal years ended June 30, 2018 and June 30, 2017:

	Year Ended June 30, 2018		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 8,417	\$ -	\$ 8,417
Net realized and unrealized gain	95,790	-	95,790
Total investment return	\$ 104,207	\$ -	\$ 104,207
	Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 28,937	\$ -	\$ 28,937
Net realized and unrealized gain	106,279	-	106,279
Total investment return	\$ 135,216	\$ -	\$ 135,216

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 5 - Property and Equipment

Property and equipment consist of the following:

	Estimated Useful Lives	June 30,	
		2018	2017
Equipment held under capital lease	5 years	\$ 316,083	\$ 316,083
Furniture and fixtures	3-7 years	132,911	132,911
Leasehold improvements	11 years	85,345	85,345
Total cost		534,339	534,339
Less accumulated depreciation		327,091	246,756
Property and equipment, net		<u>\$ 207,249</u>	<u>\$ 287,583</u>

Note 6 - Beneficial Interest In Assets Held By A Foundation

In 1997, UWGMC established a Designated Fund with the Princeton Area Community Foundation of New Jersey (the "Foundation" or "PACF NJ") through a transfer of unrestricted funds. Under the Fund Agreement, the Board of Trustees of the Foundation has full authority and discretion as to the investment of the assets of the fund. Gifts may be made at any time by UWGMC and both the principal and the net income are available for the charitable purposes of United Way of Greater Mercer County. The fair value of the Designated Fund at June 30, 2018 and 2017 was \$124,446 and \$114,900, respectively.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 - Recurring Fair Value Measurements

UWGMC has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis, as of June 30, 2018 and 2017, by valuation hierarchy.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
US mortgage pools and asset backed securities	\$ 19,563	\$ -	\$ -	\$ 19,563
Bond	185,545	-	-	185,545
Energy	-	-	-	-
Mid cap	129,021	-	-	129,021
Large cap	713,754	-	-	713,754
Precious metals	61,799	-	-	61,799
Real estate	64,425	-	-	64,425
Beneficial interest in assets held by foundation (PACF)	-	-	124,446	124,446
Total	<u>\$ 1,174,106</u>	<u>\$ -</u>	<u>\$ 124,446</u>	<u>\$ 1,298,552</u>

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
US mortgage pools and asset backed securities	\$ 19,659	\$ -	\$ -	\$ 19,659
Bond	153,160	-	-	153,160
Energy	30,133	-	-	30,133
Mid cap	113,218	-	-	113,218
Large cap	682,918	-	-	682,918
Precious metals	12,249	-	-	12,249
Real estate	60,307	-	-	60,307
Beneficial interest in assets held by foundation (PACF)	-	-	114,900	114,900
Total	<u>\$ 1,071,644</u>	<u>\$ -</u>	<u>\$ 114,900</u>	<u>\$ 1,186,544</u>

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 - Recurring Fair Value Measurements - Continued

The following is a summary of changes in the fair value of United Way of Greater Mercer County's Level 3 investments for the year June 30, 2018:

Balance, beginning of year	\$ 114,900
Realized gains/losses included in earnings	3,256
Unrealized gains/losses included in earnings	5,906
Income net of expenses	384
Approved grant	-
Balance, end of year	\$ 124,446

The following is a summary of changes in the fair value of United Way of Greater Mercer County's Level 3 investments for the year ended June 30, 2017:

Balance, beginning of year	\$ 126,339
Realized gains/losses included in earnings	(1,054)
Unrealized gains/losses included in earnings	16,395
Income net of expenses	(150)
Approved grant	(26,630)
Balance, end of year	\$ 114,900

Note 8 - Endowment

The assets held by PACF NJ consist of publicly traded corporate bond funds, domestic equity funds, international equity funds, privately held companies, and closely held limited partnerships and investment companies. The fair value of this interest is provided by PACF NJ based upon the underlying valuation of each fund in the portfolio.

United Way of Greater Mercer County's endowment consists of various individual funds established for community service programs. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments (Quasi-endowments). Net assets associated with endowment funds, including Quasi-endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

UWGMC has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act ("NJUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, UWGMC classifies as permanently restricted net assets (a) the original value of gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWGMC in a manner consistent with the standard of prudence prescribed by NJUPMIFA.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 8 - Endowment - Continued

In accordance with NJUPMIFA, UWGMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of UWGMC and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of UWGMC.
7. Investment policies of UWGMC.

Endowment Net Asset Composition by Type of Fund

	June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted Total	
Endowment net assets, June 30, 2017	\$ 1,224,287	\$ -	\$ 26,022	\$ 1,250,309
Contributions	24,356	-	-	24,356
Investment income	128,557	-	-	128,557
Endowment net assets, June 30, 2018	\$ 1,377,200	\$ -	\$ 26,022	\$ 1,403,222

	June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted Total	
Endowment net assets, June 30, 2016	\$ 1,093,046	\$ -	\$ 26,022	\$ 1,119,068
Contributions	24,356	-	-	24,356
Distributions	(26,630)	-	-	(26,630)
Investment income	133,515	-	-	133,515
Endowment net assets, June 30, 2017	\$ 1,224,287	\$ -	\$ 26,022	\$ 1,250,309

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Board of Trustees has elected to pursue a conservative spending policy that enables long-term growth of the endowment's real purchasing power while providing ongoing support to various aspects of the United Way of Greater Mercer County's community service programs. Spending from the endowment will not exceed 4% on a rolling 12 quarter basis with only 2% being paid until the fund reaches three quarters of \$1 million, and 3% being spent when the fund reaches three quarters of \$1 million but before the fund reaches \$2 million. Funds from earnings on permanently restricted net assets appropriated for expenditure under the spending policy are expended according to donor restrictions and are classified as net assets released due to satisfaction of purpose restriction on the accompanying statement of activities. No distributions were made during the 2018 fiscal year.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 8 - Endowment - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NJUPMIFA requires UWGMC to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$-0- as of June 30, 2018 and 2017.

Endowment Investment

The Board of Trustees has adopted the long-term investment objective of preserving the endowment's purchasing power by seeking long-term rates of total return that, over time, either match or exceed the spending rate plus inflation, while minimizing the portfolio's risk posture or volatility. The total return includes dividends, interest, and capital gains less any capital losses and expenses. The funds asset allocation should be 80% equities and 20% bonds and cash. The portfolio is reviewed quarterly and rebalances when there is a 5% plus or minus deviation.

Note 9 - Concentrations of Credit Risk

United Way of Greater Mercer County's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, receivables, and investments. United Way of Greater Mercer County's financial instruments are placed with a wide array of institutions that have high credit ratings, for interest bearing accounts are insured by the FDIC up to \$250,000 and for brokerage accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. Cash equivalents and investments are in certificates of deposit, treasury bills, money market funds, and high quality equities. This investment policy limits United Way of Greater Mercer County's exposure to concentrations of credit risk. UWGMC occasionally has cash in excess of FDIC limitations and investments in excess of SIPC limitations. UWGMC has a long standing history of collecting its pledges receivable, which are from campaign pledges from numerous donors over the tri-state area. An allowance for uncollectible has been established for amounts whose collection is questionable.

Note 10 - Retirement Plans and Other Retirement Benefits

UWGMC sponsors an employer funded defined contribution retirement plan (the "Plan") which covers all eligible employees over the age of twenty-one.

Effective November 1, 2011, UWGMC terminated the employer funded contribution plan with Mutual of America and transferred the funds to an employer funded defined contribution 401k plan with Fidelity. On July 1, 2012, the plan was transitioned to an employer match whereby UWGMC matches employee donations, fifty cents on the dollar up to five percent of eligible compensation.

The expenses for the plans for the years ended June 30, 2018 and 2017 was \$16,697 and \$22,217, respectively. It is UWGMC's policy to fund the Plan monthly.

United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 10 - Retirement Plans and Other Retirement Benefits - Continued

UWGMC provides noncontributory health care benefits to certain retired employees. These benefits apply only to former employees of Delaware Valley United Way and United Way-Princeton Area Communities who retired and were qualified under grandfather provisions of the former organizations. United Way of Greater Mercer County's liability for post-retirement benefits in the amount of \$31,959 and \$39,453 for the year ended June 30, 2018 and 2017, respectively, and has been recorded in the statements of financial position under the caption "accounts payable and accrued expenses." During the year ended June 30, 2018 and 2017, \$7,494 and \$7,494, respectively, has been paid to provide benefits for one retired employees.

Note 11 - Commitments

a. Rental Leases

In September 2011, UWGMC entered into a lease agreement for new office facilities and subsequently moved into the new location. The lease calls for future minimum lease payments totaling \$2.2 million and is for a period of approximately twelve (12) years ending on March 31, 2023. During the period August 15, 2011 through March 31, 2013, no payments were due. The value of the free rent was recorded as an expense and a deferred rent payable was recorded to be amortized using the straight-line method, over the remainder of the lease term.

Minimum lease payments under the lease are as follows:

For the years ending June 30,	
2019	\$ 224,375
2020	228,870
2021	233,365
2022	237,860
2023	181,673
	<u>\$ 1,106,143</u>

United Way of Greater Mercer County's occupancy expense for office space, including operating expense charges paid in accordance with the lease agreement and the amortization of the deferred lease payable, amounted to \$190,944 and \$190,118, respectively, for the years ended June 30, 2018 and 2017.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 11 - Commitments - Continued

a. Rental Leases - Continued

In February 2015, Collaboration Sciences, Inc. entered into a lease agreement for office space used in conjunction with their mission. The lease calls for future minimum lease payments totaling approximately \$4.6 million dollars and is for the period of approximately eleven years beginning April 1, 2015 and ending March 31, 2026. During the period April 1, 2015 through April 30, 2017, no payments are due. The value of the free rent was recorded as an expense and a deferred rent payable was recorded to be amortized using the straight-line method, over the remainder of the lease term. On September 21, 2018, Collaboration Sciences, Inc. entered into a voluntary surrender and lease termination agreement for the office space. In accordance with the agreement, the Organization remitted a termination payment of \$255,201 and the September rent payment of \$37,501 to the landlord and was required to surrender the office space by September 30, 2018.

Collaboration Sciences, Inc. occupancy expense for office space, including operating expense charges paid in accordance with the lease agreement and the amortization of the deferred lease payable, amounted to \$429,505 and \$421,719, respectively, for the years ended June 30, 2018 and 2017. As of June 30, 2018 and 2017, there was \$180,918 and \$0 outstanding due to the landlord.

b. Capital Lease Obligation

On April 24, 2015, UWGMC entered into a capital lease in order to finance the purchase of furniture for use by Collaboration Sciences, Inc. The capital lease is for the amount of \$316,083 and is set to mature April 2020. The financing carries a fixed interest rate of 6.49% for the life of the lease. The loan is collateralized by the purchased furniture. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of the lease term or the estimated productive useful life. Subsequent to year end, the furniture was transferred to UWGMC after Collaboration Sciences Inc. As of June 30, 2018 and 2017, accumulated depreciation on the assets under the capital lease was \$189,650 and \$126,433, respectively.

	June 30,	
	2018	2017
Total obligations under capital lease	\$ 127,920	\$ 191,556
Less current portion	67,891	63,636
Obligations under capital lease, net of current portion	\$ 60,029	\$ 127,920

United Way of Greater Mercer County and Affiliate
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Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 11 - Commitments - Continued

Future minimum lease payments under the capital lease as of June 30, 2018 are as follows:

For the years ending June 30,	
2019	\$ 74,197
2020	<u>61,796</u>
	135,993
Less amount representing interest	<u>8,073</u>
Present value of net minimum lease payments	<u><u>\$ 127,920</u></u>

Note 12 - Net Assets

Components of net assets were as follows at June 30, 2018 and 2017:

	June 30,	
	<u>2018</u>	<u>2017</u>
UNRESTRICTED		
Undesignated, available for general operations	<u>\$ (753,070)</u>	<u>\$ 202,309</u>
Board designated reserves		
Military assistance fund	-	4,385
Latino vision council	-	29,246
Community initiatives fund	-	13,617
Quasi-endowment contributions	124,446	114,900
Quasi-endowment (estates and trusts) contributions	<u>1,252,754</u>	<u>1,135,409</u>
Total board designated	<u>1,377,200</u>	<u>1,297,557</u>
Investment in property and equipment	<u>21,075</u>	<u>21,075</u>
Total unrestricted net assets	<u>645,205</u>	<u>1,520,941</u>
TEMPORARILY RESTRICTED		
Bequest receivable for use in subsequent years	38,950	50,548
Campaign pledges and grants for use in subsequent year	<u>185,333</u>	<u>65,053</u>
Total temporary restricted net assets	<u>224,283</u>	<u>115,601</u>
PERMANENTLY RESTRICTED		
Permanently restricted-donor endowed principal	<u>26,022</u>	<u>26,022</u>
TOTAL NET ASSETS	<u><u>\$ 895,510</u></u>	<u><u>\$ 1,662,564</u></u>

**United Way of Greater Mercer County and Affiliate
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Notes to Combined Financial Statements

Years Ended June 30, 2018 and 2017

Note 13 - Line of Credit

Effective July 6, 2017, the Organization maintains a \$200,000 line of credit with a Bank. The line of credit agreement has a maturity date of September 1, 2019 and bears an interest rate computed daily at a fluctuating rate of interest per annum equal to the Prime Rate, not less than 4.25%. The agreement is collateralized by United Way of Greater Mercer's investments. As of June 30, 2018 and 2017, the outstanding balance was \$75,000 and \$-0-, respectively. The outstanding balance of the line of credit as of, January 15, 2019, the date the financial statements were available to be issued, is \$100,000.

United Way of Greater Mercer County and Affiliate
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Supplementary Information - Combining Statement of Financial Position

June 30, 2018

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Financial Position
ASSETS					
Cash and cash equivalents	\$ 194,555	\$ 72,680	\$ 267,235	\$ -	\$ 267,235
Investments	1,174,186	-	1,174,186	-	1,174,186
Pledges receivable (net of uncollectible amount)	328,113	-	328,113	-	328,113
Grants receivable	58,234	-	58,234	-	58,234
Other assets	-	12,365	12,365	-	12,365
Other receivable	6,250	1,295	7,545	-	7,545
Prepaid expenses	7,525	1,991	9,516	-	9,516
Bequest receivable	38,950	-	38,950	-	38,950
Beneficial interest in assets held by a foundation	124,446	-	124,446	-	124,446
Due to affiliate	1,753,880	-	1,753,880	(1,753,880)	-
Property and equipment, net	2,000	205,249	207,249	-	207,249
TOTAL ASSETS	<u>\$ 3,688,139</u>	<u>\$ 293,580</u>	<u>\$ 3,981,719</u>	<u>\$ (1,753,880)</u>	<u>\$ 2,227,839</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 242,938	\$ 188,657	\$ 431,595	\$ -	\$ 431,595
Due to service providers	22,500	-	22,500	-	22,500
Designations payable	4,053	-	4,053	-	4,053
Line of credit	75,000	-	75,000	-	75,000
Capital lease obligation	127,920	-	127,920	-	127,920
Due from affiliate	-	1,753,880	1,753,880	(1,753,880)	-
Deferred rent	203,118	468,143	671,261	-	671,261
Total liabilities	<u>675,529</u>	<u>2,410,680</u>	<u>3,086,209</u>	<u>(1,753,880)</u>	<u>1,332,329</u>
NET ASSETS					
Undesignated	1,364,030	(2,117,100)	(753,070)	-	(753,070)
Board designated	1,377,200	-	1,377,200	-	1,377,200
Investment in property and equipment	21,075	-	21,075	-	21,075
Net unrestricted	2,762,305	(2,117,100)	645,205	-	645,205
Temporary restricted	224,283	-	224,283	-	224,283
Permanently restricted	26,022	-	26,022	-	26,022
Total net assets	<u>3,012,610</u>	<u>(2,117,100)</u>	<u>895,510</u>	<u>-</u>	<u>895,510</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,688,139</u>	<u>\$ 293,580</u>	<u>\$ 3,981,719</u>	<u>\$ (1,753,880)</u>	<u>\$ 2,227,839</u>

United Way of Greater Mercer County and Affiliate
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Supplementary Information - Combining Statement of Financial Position

June 30, 2017

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Financial Position
ASSETS					
Cash and cash equivalents	\$ 643,481	\$ 57,050	\$ 700,531	\$ -	\$ 700,531
Investments	1,071,644	-	1,071,644	-	1,071,644
Pledges receivable (net of uncollectible amount)	451,429	-	451,429	-	451,429
Grants receivable	37,000	-	37,000	-	37,000
Other assets	-	20,442	20,442	-	20,442
Other receivable	6,326	9,363	15,689	-	15,689
Prepaid expenses	26,335	37,608	63,943	-	63,943
Bequest receivable	50,548	-	50,548	-	50,548
Beneficial interest in assets held by a foundation	114,900	-	114,900	-	114,900
Due to affiliate	1,465,270	-	1,465,270	(1,465,270)	-
Property and equipment, net	5,333	282,250	287,583	-	287,583
TOTAL ASSETS	\$ 3,872,266	\$ 406,713	\$ 4,278,979	\$ (1,465,270)	\$ 2,813,709
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 166,447	\$ 16,525	\$ 182,972	\$ -	\$ 182,972
Due to service providers	24,167	-	24,167	-	24,167
Designations payable	32,558	-	32,558	-	32,558
Capital lease obligation	191,556	-	191,556	-	191,556
Due from affiliate	-	1,465,270	1,465,270	(1,465,270)	-
Deferred rent	232,887	487,005	719,892	-	719,892
Total liabilities	647,615	1,968,800	2,616,415	(1,465,270)	1,151,145
NET ASSETS					
Undesignated	1,764,396	(1,562,087)	202,309	-	202,309
Board designated	1,297,557	-	1,297,557	-	1,297,557
Investment in property and equipment	21,075	-	21,075	-	21,075
Net unrestricted	3,083,028	(1,562,087)	1,520,941	-	1,520,941
Temporary restricted	115,601	-	115,601	-	115,601
Permanently restricted	26,022	-	26,022	-	26,022
Total net assets	3,224,651	(1,562,087)	1,662,564	-	1,662,564
TOTAL LIABILITIES AND NET ASSETS	\$ 3,872,266	\$ 406,713	\$ 4,278,979	\$ (1,465,270)	\$ 2,813,709

United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]

Supplementary Information - Combining Statement of Activities and Changes in Net Assets - Current Year

June 30, 2018

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Activities
REVENUES					
Campaign results	\$ 925,063	\$ -	\$ 925,063	\$ -	\$ 925,063
Less donor designations	(132,237)	-	(132,237)	-	(132,237)
Plus prior year campaign collections	21,324	-	21,324	-	21,324
Less provision for uncollectible pledge	(216,880)	-	(216,880)	-	(216,880)
Net campaign results	597,270	-	597,270	-	597,270
SUPPORT					
Grants and contracts	719,650	-	719,650	-	719,650
Contributions from estates and trusts	12,758	-	12,758	-	12,758
Insurance claim proceeds	14,260	-	14,260	-	14,260
In-kind gifts	8,485	-	8,485	-	8,485
Designations revenue	150,141	-	150,141	-	150,141
Rental income	-	157,310	157,310	-	157,310
Miscellaneous revenue	31,958	-	31,958	-	31,958
Special event revenue	41,058	-	41,058	-	41,058
Investment Income	8,181	236	8,417	-	8,417
Interest expense	-	(10,561)	(10,561)	-	(10,561)
Realized (loss) on investments	(97)	-	(97)	-	(97)
Realized (loss) on beneficial interest in assets held by a foundation	(1,054)	-	(1,054)	-	(1,054)
Unrealized gain on investments	91,035	-	91,035	-	91,035
Unrealized gain on beneficial interest in assets held by a foundation	5,906	-	5,906	-	5,906
Total revenues and support	1,679,551	146,984	1,826,535	-	1,826,535
FUNCTIONAL EXPENSES					
Program Services					
Program and initiative expenses	1,314,248	652,651	1,966,899	-	1,966,899
Total program services	1,314,248	652,651	1,966,899	-	1,966,899
Supporting Services					
Management and general	213,339	49,345	262,684	-	262,684
Resource development	364,007	-	364,007	-	364,007
Total supporting services	577,346	49,345	626,691	-	626,691
Total functional expenses	1,891,594	701,996	2,593,590	-	2,593,590
(Decrease) in net assets	(212,043)	(555,012)	(767,055)	-	(767,055)
NET ASSETS, beginning of year	3,224,653	(1,562,088)	1,662,565	-	1,662,565
NET ASSETS, end of year	\$ 3,012,610	\$ (2,117,100)	\$ 895,510	\$ -	\$ 895,510

See Independent Auditor's Report to Combined Financial Statements.

United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]

Supplementary Information - Combining Statement of Activities and Changes in Net Assets

June 30, 2017

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Activities
REVENUES					
Campaign results	\$ 3,505,050	\$ -	\$ 3,505,050	\$ -	\$ 3,505,050
Less donor designations	(1,659,383)	-	(1,659,383)	-	(1,659,383)
Plus prior year campaign collections	119,549	-	119,549	-	119,549
Less provision for uncollectible pledge	(85,799)	-	(85,799)	-	(85,799)
Net campaign results	<u>1,879,417</u>	<u>-</u>	<u>1,879,417</u>	<u>-</u>	<u>1,879,417</u>
SUPPORT					
Grants and contracts	158,145	-	158,145	-	158,145
Contributions from estates and trusts	11,165	-	11,165	-	11,165
Insurance claim proceeds	15,720	-	15,720	-	15,720
Designations revenue	85,850	-	85,850	-	85,850
Rental income	-	184,041	184,041	(2,138)	181,903
Miscellaneous revenue	5,842	-	5,842	-	5,842
Special event revenue	45,321	-	45,321	-	45,321
Investment Income	28,793	144	28,937	-	28,937
Interest expense	-	(13,191)	(13,191)	-	(13,191)
Realized (loss) on investments	(97)	-	(97)	-	(97)
Realized (loss) on beneficial interest in assets held by a foundation	(1,054)	-	(1,054)	-	(1,054)
Unrealized gain on investments	91,035	-	91,035	-	91,035
Unrealized gain on beneficial interest in assets held by a foundation	16,395	-	16,395	-	16,395
Total revenues and support	<u>2,336,532</u>	<u>170,994</u>	<u>2,507,526</u>	<u>(2,138)</u>	<u>2,505,388</u>
FUNCTIONAL EXPENSES					
Program Services					
Program and initiative expenses	<u>1,172,655</u>	<u>698,790</u>	<u>1,871,445</u>	<u>-</u>	<u>1,871,445</u>
Total program services	<u>1,172,655</u>	<u>698,790</u>	<u>1,871,445</u>	<u>-</u>	<u>1,871,445</u>
Supporting Services					
Management and general	158,668	58,707	217,375	(2,138)	215,237
Resource development	<u>308,826</u>	<u>-</u>	<u>308,826</u>	<u>-</u>	<u>308,826</u>
Total supporting services	<u>467,494</u>	<u>58,707</u>	<u>526,201</u>	<u>(2,138)</u>	<u>524,063</u>
Total functional expenses	<u>1,640,149</u>	<u>757,497</u>	<u>2,397,646</u>	<u>(2,138)</u>	<u>2,395,508</u>
Increase (decrease) in net assets	696,383	(586,503)	109,880	-	109,880
NET ASSETS, beginning of year	<u>2,528,268</u>	<u>(975,584)</u>	<u>1,552,684</u>	<u>-</u>	<u>1,552,684</u>
NET ASSETS, end of year	<u>\$ 3,224,651</u>	<u>\$ (1,562,087)</u>	<u>\$ 1,662,564</u>	<u>\$ -</u>	<u>\$ 1,662,564</u>

See Independent Auditor's Report to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate
[a Non-Profit Organization]**

Supplementary Information - Additional Resources Generated by United Way of Greater
Mercer County that are not included in the Financial Statements

(Unaudited)

June 30, 2018

For the years ended June 30, 2018 and 2017, UWGMC generated additional resources for the community that are not included in the accompanying financial statements. These resources include funds and in-kind donations directly to participating agencies and through Mercer County pharmacies that meet the criteria to be classified as agency transactions. A summary of these resources is as follows:

The Emergency Food and Shelter Program (“EFSP”) provides funds to Mercer County, New Jersey, not-for-profit agencies resulting from UWGMC’s management of that program. EFSP was created by Congress with a \$50 million appropriation in 1983 to help meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter. The program is governed by a National Board; United Way Worldwide is the Secretariat and Fiscal Agent to the Board. Locally, the program is a model for public-private cooperation. For the years ended June 30, 2018 and 2017, funds paid directly to agencies totaled \$151,066 and \$157,317, respectively.

In fiscal year 2018 and 2017, the UWGMC participated in the FamilyWize Prescription Drug Saving Program. The program is a free resource from the FamilyWize Community Service Partnership. As part of the program, UWGMC distributed prescription discount cards to local pharmacies, agencies, and individuals. Since the UWGMC acted in an agency capacity and did not retain variance power over the distribution of these cards, the cards have not been recorded as in-kind donations. FamilyWize reported as of June 30, 2018 and 2017 the total value redeemed by Mercer County residents amounts to \$328,604 and \$116,533, respectively.