

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

Combined Financial Statements

Years Ended June 30, 2017 and 2016

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

Combined Financial Statements

Years Ended June 30, 2017 and 2016

C O N T E N T S

	Page
Independent Auditor's Report	1-2
Financial Statements	
Combined Statements of Financial Position	3
Combined Statement of Activities and Changes in Net Assets - Current Year	4
Combined Statement of Activities and Changes in Net Assets - Prior Year	5
Combined Statement of Functional Expenses - Current Year	6
Combined Statement of Functional Expenses - Prior Year	7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9-25
Supplementary Information	
Combining Statement of Financial Position - Current Year	26
Combining Statement of Financial Position - Prior Year	27
Combining Statement of Activities and Changes in Net Assets - Current Year	28
Combining Statement of Activities and Changes in Net Assets - Prior Year	29
Additional Resources Generated by United Way of Greater Mercer County that are not included in the Financial Statements	30



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, 2017 and 2016, 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 United Way of Greater Mercer County and Affiliate as of June 30, 2017 and 2016, 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
March 27, 2018

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

Combined Statements of Financial Position

	June 30,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 700,531	\$ 333,388
Investments	1,071,644	965,945
Pledges receivable (net of uncollectible amount)	451,429	470,361
Grants receivable	37,000	358,168
Other assets	20,442	17,914
Other receivable	15,689	10,756
Prepaid expenses	63,943	68,383
Bequest receivable	50,548	73,739
Beneficial interest in assets held by a foundation	114,900	126,339
Property and equipment, net	287,583	364,260
TOTAL ASSETS	\$ 2,813,709	\$ 2,789,253
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 182,972	\$ 169,710
Due to service providers	24,167	-
Designations payable	32,558	65,974
Capital lease obligation	191,556	246,378
Deferred rent	719,892	754,507
Total liabilities	1,151,145	1,236,569
NET ASSETS		
Undesignated	202,309	(112,120)
Board designated	1,297,557	1,165,802
Investment in property and equipment	21,075	21,075
Total unrestricted	1,520,941	1,074,757
Temporarily restricted	115,601	451,905
Permanently restricted	26,022	26,022
Total net assets	1,662,564	1,552,684
TOTAL LIABILITIES AND NET ASSETS	\$ 2,813,709	\$ 2,789,253

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 gain (loss) on investments	(97)	-	-	(97)
Realized gain (loss) on beneficial interest in assets held by a foundation	(1,054)	-	-	(1,054)
Unrealized gain (loss) on investments	91,035	-	-	91,035
Unrealized gain (loss) 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)	-	-
Total 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	\$ 1,520,941	\$ 115,601	\$ 26,022	\$ 1,662,564

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, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Campaign results	\$ 3,030,258	\$ -	\$ -	\$ 3,030,258
Less donor designations	(1,627,326)	-	-	(1,627,326)
Plus prior year campaign collections	100,934	-	-	100,934
Less provision for uncollectible pledge	(68,757)	-	-	(68,757)
Net Campaign Results	1,435,109	-	-	1,435,109
SUPPORT				
Grants and contracts	20,553	462,198	-	482,751
Contributions from estates and trusts	870	-	-	870
Service fees	2,557	-	-	2,557
In-kind gifts	6,496	-	-	6,496
Designations revenue	236,446	-	-	236,446
Rental income	71,540	-	-	71,540
Miscellaneous revenue	3,715	-	-	3,715
Special event revenue	27,635	-	-	27,635
Investment income	23,737	-	-	23,737
Interest expense	(17,940)	-	-	(17,940)
Realized gain (loss) on investments	(541)	-	-	(541)
Realized gain (loss) on beneficial interest in assets held by a foundation	1,795	-	-	1,795
Unrealized gain (loss) on investments	(10,822)	-	-	(10,822)
Unrealized gain (loss) on beneficial interest in assets held by a foundation	(2,591)	-	-	(2,591)
Net assets released due to satisfaction of purpose restrictions	423,014	(423,014)	-	-
Total revenues and support	2,221,573	39,184	-	2,260,757
FUNCTIONAL EXPENSES				
Program Services				
Program and initiative expenses	1,860,942	-	-	1,860,942
Total program services	1,860,942	-	-	1,860,942
Supporting Services				
Management and general	319,064	-	-	319,064
Resource development	258,626	-	-	258,626
Total supporting services	577,690	-	-	577,690
Total functional expenses	2,438,632	-	-	2,438,632
Increase (decrease) in net assets	(217,059)	39,184	-	(177,875)
NET ASSETS, beginning of year	1,291,816	412,721	26,022	1,730,559
NET ASSETS, end of year	<u>\$ 1,074,757</u>	<u>\$ 451,905</u>	<u>\$ 26,022</u>	<u>\$ 1,552,684</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, 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 Statement of Functional Expenses

Year Ended June 30, 2016

	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	\$ 159,391	\$ -	\$ 159,391	\$ -	\$ -	\$ -	\$ 159,391
Payroll	309,072	187,265	496,337	88,312	121,788	210,100	706,437
Payroll taxes and benefits	77,250	46,805	124,055	22,073	30,440	52,513	176,568
Total payroll	386,322	234,070	620,392	110,385	152,228	262,613	883,005
2-1-1 contract expense	39,989	-	39,989	-	-	-	39,989
Donations in-kind	7,246	-	7,246	-	-	-	7,246
Program expenses	-	58,297	58,297	-	-	-	58,297
Professional fees	-	-	-	82,378	-	82,378	82,378
Consulting services	97,465	59,820	157,285	61,044	38,406	99,450	256,735
Rent	82,682	466,378	549,060	22,465	32,580	55,045	604,105
Utilities	1,433	3,099	4,532	410	565	975	5,507
Equipment expense	8,986	15,132	24,118	2,567	3,541	6,108	30,226
Office supplies	2,535	3,590	6,125	4,583	597	5,180	11,305
Telecommunications	13,567	14,683	28,250	3,876	5,346	9,222	37,472
Insurance	-	-	-	16,205	-	16,205	16,205
Advertising and promotional	10,185	41,558	51,743	2,910	4,013	6,923	58,666
Printing and materials	1,191	4,072	5,263	216	2,692	2,908	8,171
Travel expense	2,370	6,123	8,493	392	1,697	2,089	10,582
Training expense	2,557	186	2,743	209	3,532	3,741	6,484
Meetings and events	4,849	18,429	23,278	677	4,181	4,858	28,136
Postage	1,304	750	2,054	4,106	439	4,545	6,599
United Way Worldwide dues	11,362	6,884	18,246	3,247	4,477	7,724	25,970
Dues and subscriptions	4,569	75	4,644	1,191	1,303	2,494	7,138
Bank and credit card fees	4,301	2,607	6,908	1,229	1,695	2,924	9,832
Depreciation	3,340	77,774	81,114	954	1,316	2,270	83,384
Board/staff retreat	79	-	79	20	18	38	117
Special event expenses	-	1,692	1,692	-	-	-	1,692
Total Expenses	\$ 845,723	\$ 1,015,219	\$ 1,860,942	\$ 319,064	\$ 258,626	\$ 577,690	\$ 2,438,632

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

Combined Statements of Cash Flows

	Years Ended June 30,	
	2017	2016
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 109,880	\$ (177,875)
Adjustments to reconcile increase (decrease) in net assets to net cash (used for) operating activities		
Unrealized (gain) loss on investments	107,430	13,413
Realized (gain) loss on investments	(97)	541
Loss on disposal of equipment	4,506	-
Change in reserve for uncollectible pledges	(71,166)	(1,166)
Depreciation	78,286	83,384
(Increase) decrease in assets		
Pledges receivable	90,098	232,378
Grants receivable	321,168	7,577
Other assets	(2,528)	(5,548)
Other receivable	(4,933)	(10,062)
Prepaid expenses	4,440	(60,972)
Bequest receivable	23,191	17,397
Beneficial Interest in assets held by a foundation	(4,956)	26,383
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	13,262	(63,723)
Due to service providers	24,167	(143,076)
Designations payable	(33,416)	(21,099)
Deferred rent	(34,615)	320,608
	624,717	218,160
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of equipment	(6,115)	(45,321)
Proceeds from sale of securities	26,630	27,288
Purchase of investments	(223,267)	(90,709)
	(202,752)	(108,742)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Principal repayments on capital lease	(54,822)	(56,211)
	(54,822)	(56,211)
Increase (decrease) in cash and cash equivalents	367,143	53,207
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	333,388	280,181
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 700,531	\$ 333,388

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, 2017 and 2016

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

United Way of Greater Mercer County is an independent non-profit organization, which has a long history of service to the community of more than 75 years. United Way of Greater Mercer County 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.

United Way of Greater Mercer County 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.

United Way of Greater Mercer County 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.

c. Basis of Accounting

The combined financial statements of United Way of Greater Mercer County 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, 2017 and 2016

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, 2017 and 2016, 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.

United Way of Greater Mercer County 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, 2017 and 2016 was \$118,000 and \$103,834, 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, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - Continued

g. Public Support and Revenue Recognition - Continued

United Way of Greater Mercer County 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 United Way of Greater Mercer County and then distributed to recipients. The values of these donations have 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 years ended June 30, 2017 and 2016, no in-kind donations were received.

h. Donor Designated Funds

United Way of Greater Mercer County 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 United Way of Greater Mercer County 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.

United Way of Greater Mercer County 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, 2017 and 2016, the total value of donated rent revenue to outside not for profit organizations was \$-0- and \$6,496, 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 \$78,286 and \$83,384, respectively, for the years ended June 30, 2017 and 2016.

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, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - Continued

k. Investments

United Way of Greater Mercer County 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

United Way of Greater Mercer County 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, United Way of Greater Mercer County 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, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - Continued

m. Income Taxes

United Way of Greater Mercer County 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 statement 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 statement 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 Financial Accounting Standards Board ("FASB") 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, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - 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 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *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 balance sheet 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 income statement. 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 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-14, *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 for any subsequent events through March 27, 2018, 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 losses since its inception. The Organization has attempted to renegotiate the lease for the space occupied by Collaboration Science Inc., sent notice of termination of the lease to the landlord and stopped making rent payments. The Organization intends to negotiate a resolution with the landlord, which would include a release of any and all claims that the landlord may have against the Organization, including but not limited to any claims arising out of the obligations under the Collaboration Sciences Inc.'s lease. The amount of the settlement cannot be determined at this time and no potential liability is included in these combined financial statements. The Organization is awaiting correspondence from the landlord.

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. United Way of Greater Mercer County 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, 2017 and 2016

Note 2 - Pledges Receivable - Continued

Details of the pledges receivable are as follows:

	June 30	
	2017	2016
Corporate and individual pledges receivable	\$ 569,429	\$ 574,195
Less allowance for uncollectible pledges	<u>(118,000)</u>	<u>(103,834)</u>
Total pledges receivable	<u>\$ 451,429</u>	<u>\$ 470,361</u>

Note 3 - Bequest Receivable

During the year ended June 30, 2006, United Way of Greater Mercer County received a bequest from an estate and is to receive funds as follows per the unit trust agreement:

	June 30,	
	2017	2016
Receivable in less than one year	\$ 24,356	\$ 30,445
Receivable in one to five years	<u>30,445</u>	<u>54,801</u>
Total bequest receivable	54,801	85,246
Less discount to net present value	<u>4,253</u>	<u>11,507</u>
Net bequest receivable	<u>\$ 50,548</u>	<u>\$ 73,739</u>

The present value of the future benefits expected to be received by United Way of Greater Mercer County 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, 2017 and 2016

Note 4 - Investments

Investments are reported at fair value. All investments held by United Way of Greater Mercer County at June 30, 2017 and 2016 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, 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
		June 30, 2016		
		Cost	Fair Value	Unrealized Appreciation (Depreciation)
Operating	U.S. Mortgage pools	\$ 37,715	\$ 23,674	\$ (14,041)
	Endowment	748,008	942,271	194,263
		\$ 785,723	\$ 965,945	\$ 180,222

Investment income is comprised of the following for the fiscal year ended June 30, 2017 and June 30, 2016:

		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
		Year Ended June 30, 2016		
		Unrestricted	Temporarily Restricted	Total
Interest and dividend income		\$ 23,737	\$ -	\$ 23,737
Net realized and unrealized gain		(12,159)	-	(12,159)
Total investment return		\$ 11,578	\$ -	\$ 11,578

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

Note 5 - Property and Equipment

Property and equipment consist of the following:

	Estimated Useful Lives	June 30,	
		2017	2016
Equipment held under capital lease	5 years	\$ 316,083	\$ 316,083
Furniture and fixtures	3-7 years	132,911	130,970
Leasehold improvements	11 years	85,345	87,283
Total cost		534,339	534,336
Less accumulated depreciation		246,756	170,076
Property and equipment, net		<u>\$ 287,583</u>	<u>\$ 364,260</u>

Note 6 - Beneficial Interest In Assets Held By A Foundation

In 1997, United Way of Greater Mercer County 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 United Way of Greater Mercer County 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, 2017 and 2016 was \$114,900 and \$126,339, respectively.

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

Note 7 - Recurring Fair Value Measurements

United Way of Greater Mercer County 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, 2017 and 2016, by valuation hierarchy.

	June 30, 2017			Total
	Level 1	Level 2	Level 3	
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>

	June 30, 2016			Total
	Level 1	Level 2	Level 3	
US mortgage pools and asset backed securities	\$ 23,674	\$ -	\$ -	\$ 23,674
Bond	151,330	-	-	151,330
Energy	30,459	-	-	30,459
Mid cap	107,204	-	-	107,204
Large cap	582,760	-	-	582,760
Precious metals	9,025	-	-	9,025
Real estate	61,493	-	-	61,493
Beneficial interest in assets held by foundation (PACF)	-	-	126,339	126,339
Total	<u>\$ 965,945</u>	<u>\$ -</u>	<u>\$ 126,339</u>	<u>\$ 1,092,284</u>

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

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, 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

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, 2016:

Balance, beginning of year	\$ 155,313
Realized gains/losses included in earnings	(2,980)
Unrealized gains/losses included in earnings	(2,591)
Income net of expenses	3,885
Approved grant	(27,288)
Balance, end of year	\$ 126,339

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

United Way of Greater Mercer County 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, United Way of Greater Mercer County 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 United Way of Greater Mercer County 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, 2017 and 2016

Note 8 - Endowment - Continued

In accordance with NJUPMIFA, United Way of Greater Mercer County 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 United Way of Greater Mercer County 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 United Way of Greater Mercer County.
7. Investment policies of United Way of Greater Mercer County.

Endowment Net Asset Composition by Type of Fund

	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 (loss)	133,515	-	-	133,515
Endowment net assets, June 30, 2017	\$ 1,224,287	\$ -	\$ 26,022	\$ 1,250,309
	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted Total	Total
Endowment net assets, June 30, 2015	\$ 1,086,458	\$ -	\$ 26,022	\$ 1,112,480
Contributions	24,356	-	-	24,356
Distributions	(27,288)	-	-	(27,288)
Investment income (loss)	9,520	-	-	9,520
Endowment net assets, June 30, 2016	\$ 1,093,046	\$ -	\$ 26,022	\$ 1,119,068

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.

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

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 United Way of Greater Mercer County 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, 2017 and 2016.

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 Federal Deposit Insurance Corporation ("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. United Way of Greater Mercer County occasionally has cash in excess of FDIC limitations and investments in excess of SIPC limitations. United Way of Greater Mercer County 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

United Way of Greater Mercer County 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, United Way of Greater Mercer County 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 United Way of Greater Mercer County 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, 2017 and 2016 was \$22,217 and \$23,950, respectively. It is United Way of Greater Mercer County'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, 2017 and 2016

Note 10 - Retirement Plans and Other Retirement Benefits - Continued

United Way of Greater Mercer County 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 \$39,453 and \$46,947 for the year ended June 30, 2017 and 2016, 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, 2017 and 2016, \$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, United Way of Greater Mercer County 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,	
2018	\$ 219,880
2019	224,375
2020	228,870
2021	233,365
2022	237,860
2023	181,673
	<u>\$ 1,326,022</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 \$190,118 and \$188,984, respectively, for the years ended June 30, 2017 and 2016.

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

Note 11 - Commitments - Continued

a. Rental Leases - Continued

In February 2015, Collaboration Sciences Inc. entered into a lease agreement for office spaces 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, 2016, 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. See Note 1q for subsequent event information on the rental lease.

Minimum lease payments under the lease are as follows:

For the years ending June 30,	
2018	\$ 430,871
2019	440,393
2020	449,915
2021	459,437
2022	468,959
2023 and thereafter	<u>1,842,507</u>
	<u>\$ 4,092,082</u>

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 \$487,005 and \$496,345, respectively, for the years ended June 30, 2017 and 2016.

b. Capital Lease Obligation

On April 24, 2015, United Way of Greater Mercer County 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 of the estimated productive useful life. As of June 30, 2017 and 2016, accumulated depreciation on the assets under the capital lease was \$126,433 and \$63,217, respectively.

	June 30,	
	<u>2017</u>	<u>2016</u>
Total obligations under capital lease	\$ 191,556	\$ 246,378
Less current portion	<u>63,636</u>	<u>59,970</u>
Obligations under capital lease, net of current portion	<u>\$ 127,920</u>	<u>\$ 186,408</u>

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

Note 11 - Commitments - Continued

b. Capital Lease Obligation

Future minimum lease payments under the capital lease are as follows:

For the years ending June 30,	
2018	\$ 74,197
2019	74,197
2020	<u>61,796</u>
	210,190
Less amount representing interest	<u>18,634</u>
Present value of net minimum lease payments	<u>\$ 191,556</u>

Note 12 - Net Assets

Components of net assets were as follows at June 30, 2017 and 2016:

	June 30,	
	<u>2017</u>	<u>2016</u>
UNRESTRICTED		
Undesignated, available for general operations	<u>\$ 202,309</u>	<u>\$ (112,120)</u>
Board designated reserves		
Military assistance fund	4,385	4,385
Latino vision council	29,246	29,246
Community initiatives fund	13,617	13,617
Quasi-endowment contributions	114,900	125,826
Quasi-endowment (estates and trusts) contributions	<u>1,135,409</u>	<u>992,728</u>
Total board designated	<u>1,297,557</u>	<u>1,165,802</u>
Investment in property and equipment	<u>21,075</u>	<u>21,075</u>
Total unrestricted net assets	<u>1,520,941</u>	<u>1,074,757</u>
TEMPORARILY RESTRICTED		
Bequest receivable for use in subsequent years	50,548	73,739
Campaign pledges and grants for use in subsequent year	<u>65,053</u>	<u>378,166</u>
Total temporary restricted net assets	<u>115,601</u>	<u>451,905</u>
PERMANENTLY RESTRICTED		
Permanently restricted-donor endowed principal	<u>26,022</u>	<u>26,022</u>
TOTAL NET ASSETS	<u>\$ 1,662,564</u>	<u>\$ 1,552,684</u>

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

Notes to Combined Financial Statements

Years Ended June 30, 2017 and 2016

Note 13 - Supplemental Disclosures of Cash Flow Information

Non-cash investing and financing activities for the year ended June 30, 2017 and June 30, 2016 were as follows:

	<u>Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Leasehold improvement	<u>\$ -</u>	<u>\$ 50,000</u>
	<u>\$ -</u>	<u>\$ 50,000</u>

Note 14 - 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, 2018 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, 2017 the outstanding balance was \$-0-. The outstanding balance of the line of credit as of the audit report date is \$-0-.

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

Supplementary Information - Combining Statement of Financial Position

Year Ended 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
Total 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 Financial Position

Year Ended June 30, 2016

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Financial Position
ASSETS					
Cash and cash equivalents	\$ 331,443	\$ 1,945	\$ 333,388	\$ -	\$ 333,388
Investments	965,945	-	965,945	-	965,945
Pledges receivable (net of uncollectible amount)	470,361	-	470,361	-	470,361
Grants receivable	358,168	-	358,168	-	358,168
Other assets	-	17,914	17,914	-	17,914
Other receivable	8,945	1,811	10,756	-	10,756
Prepaid expenses	31,207	37,176	68,383	-	68,383
Bequest receivable	73,739	-	73,739	-	73,739
Beneficial interest in assets held by a foundation	126,339	-	126,339	-	126,339
Due to affiliate	873,818	-	873,818	(873,818)	-
Property and equipment, net	9,150	355,110	364,260	-	364,260
TOTAL ASSETS	\$ 3,249,115	\$ 413,956	\$3,663,071	\$ (873,818)	\$ 2,789,253
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 150,333	\$ 19,377	\$ 169,710	\$ -	\$ 169,710
Due to service providers	-	-	-	-	-
Designations payable	65,974	-	65,974	-	65,974
Capital lease obligation	246,378	-	246,378	-	246,378
Due from affiliate	-	873,818	873,818	(873,818)	-
Deferred rent	258,162	496,345	754,507	-	754,507
Total liabilities	720,847	1,389,540	2,110,387	(873,818)	1,236,569
NET ASSETS					
Undesignated	863,464	(975,584)	(112,120)	-	(112,120)
Board designated	1,165,802	-	1,165,802	-	1,165,802
Investment in property and equipment	21,075	-	21,075	-	21,075
Total unrestricted	2,050,341	(975,584)	1,074,757	-	1,074,757
Temporary restricted	451,905	-	451,905	-	451,905
Permanently restricted	26,022	-	26,022	-	26,022
Total net assets	2,528,268	(975,584)	1,552,684	-	1,552,684
TOTAL LIABILITIES AND NET ASSETS	\$ 3,249,115	\$ 413,956	\$3,663,071	\$ (873,818)	\$ 2,789,253

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

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

Year Ended 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	1,879,417	-	1,879,417	-	1,879,417
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 gain (loss) on investments	(97)	-	(97)	-	(97)
Realized gain (loss) on beneficial interest in assets held by a foundation	(1,054)	-	(1,054)	-	(1,054)
Unrealized gain (loss) on investments	91,035	-	91,035	-	91,035
Unrealized gain (loss) 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	1,172,655	698,790	1,871,445	-	1,871,445
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	308,826	-	308,826	-	308,826
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>

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

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

Year Ended June 30, 2016

	United Way of Greater Mercer County	Collaboration Sciences, Inc.	Total	Eliminating Entries	Combined Statement of Activities
REVENUES					
Campaign results	\$ 3,030,258	\$ -	\$ 3,030,258	\$ -	\$ 3,030,258
Less donor designations	(1,627,326)	-	(1,627,326)	-	(1,627,326)
Plus prior year campaign collections	100,934	-	100,934	-	100,934
Less provision for uncollectible pledge	(68,757)	-	(68,757)	-	(68,757)
Net Campaign Results	1,435,109	-	1,435,109	-	1,435,109
SUPPORT					
Grants and contracts	482,751	-	482,751	-	482,751
Contributions from estates and trusts	870	-	870	-	870
Service fees	2,557	-	2,557	-	2,557
In-kind gifts	6,496	-	6,496	-	6,496
Designations revenue	236,446	-	236,446	-	236,446
Rental income	8,950	63,750	72,700	(1,160)	71,540
Miscellaneous revenue	3,715	-	3,715	-	3,715
Special event revenue	27,635	-	27,635	-	27,635
Investment Income	23,723	14	23,737	-	23,737
Interest expense	-	(17,940)	(17,940)	-	(17,940)
Realized gain (loss) on investments	(541)	-	(541)	-	(541)
Realized gain (loss) on beneficial interest in assets held by a foundation	1,795	-	1,795	-	1,795
Unrealized gain (loss) on investments	(10,822)	-	(10,822)	-	(10,822)
Unrealized gain (loss) on beneficial interest in assets held by a foundation	(2,591)	-	(2,591)	-	(2,591)
Total revenues and support	2,216,093	45,824	2,261,917	(1,160)	2,260,757
FUNCTIONAL EXPENSES					
Program Services					
Program and initiative expenses	1,136,890	724,052	1,860,942	-	1,860,942
Total program services	1,136,890	724,052	1,860,942	-	1,860,942
Supporting Services					
Management and general	254,313	65,911	320,224	(1,160)	319,064
Resource development	258,626	-	258,626	-	258,626
Total supporting services	512,939	65,911	578,850	(1,160)	577,690
Total functional expenses	1,649,829	789,963	2,439,792	(1,160)	2,438,632
Increase (Decrease) in net assets	566,264	(744,139)	(177,875)	-	(177,875)
NET ASSETS, beginning of year	1,962,004	(231,445)	1,730,559	-	1,730,559
NET ASSETS, end of year	<u>\$ 2,528,268</u>	<u>\$ (975,584)</u>	<u>\$ 1,552,684</u>	<u>\$ -</u>	<u>\$ 1,552,684</u>

**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)

Years Ended June 30, 2017 and 2016

For the years ended June 30, 2017 and 2016, United Way of Greater Mercer County 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 United Way of Greater Mercer County’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 year ended June 30, 2017 and 2016, funds paid directly to agencies totaled \$157,317 and \$173,900 respectively.

In fiscal year 2017 and 2016, the United Way of Greater Mercer County 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, United Way of Greater Mercer County distributed prescription discount cards to local pharmacies, agencies and individuals. Since the United Way of Greater Mercer County 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, 2017 and 2016 the total value redeemed by Mercer County residents amounts to \$116,533 and \$110,811, respectively.