

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Financial Statements**  
**December 31, 2016 and 2015**  
(See Independent Auditor's Report)

**Jennings County United Way, Inc.  
North Vernon, Indiana  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jennings County United Way, Inc.  
North Vernon, Indiana

We have audited the accompanying financial statements of Jennings County United Way, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2016 and 2015, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

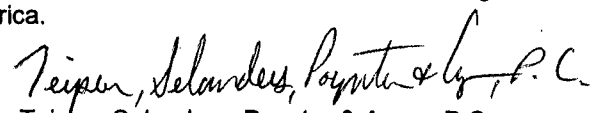
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jennings County United Way, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Teipen, Selanders, Poynter & Ayres, P.C.  
Certified Public Accountants

October 5, 2017

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statements of Financial Position**  
**As of December 31, 2016 and 2015**  
(See Independent Auditor's Report)

	2016	2015
<b>Assets</b>		
Cash and Cash Equivalents - Note 1	\$ 171,417	\$ 118,377
Short-Term Investments - Notes 1 and 3	-	1,095
Pledges Receivable - 2016 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$7,947 - Note 1	45,632	-
Pledges Receivable - 2015 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$6,598 and \$8,752 - Note 1	15,364	52,184
Pledges Receivable - 2014 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$0 and \$9,598 - Note 1	-	20,336
Grant Receivable - Note 12	33,479	-
Prepaid Expenses	4,377	5,717
Property and Equipment - Net of Accumulated Depreciation of \$16,731 and \$13,738 - Notes 1, 2 and 7	145,317	148,310
Beneficial Interest in Jennings County Community Foundation - Note 4	<u>24,123</u>	<u>23,985</u>
<b>Total Assets</b>	<b>\$ <u>439,708</u></b>	<b>\$ <u>370,005</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,841	\$ 2,442
Accrued Wages and Vacation	4,006	3,188
Designations Payable - 2016 Campaign	10,437	-
Designations Payable - 2015 Campaign	7,586	16,336
Designations Payable - 2014 Campaign	-	4,605
Short Term Pass Through Payable - Note 5	50,000	-
Mortgage Payable - Note 7	<u>106,153</u>	<u>113,302</u>
<b>Total Liabilities</b>	<b><u>180,023</u></b>	<b><u>139,873</u></b>
<b>Net Assets - Notes 1 and 6</b>		
Unrestricted	63,390	63,679
Temporarily Restricted	172,174	142,468
Permanently Restricted	<u>24,122</u>	<u>23,985</u>
<b>Total Net Assets</b>	<b><u>259,685</u></b>	<b><u>230,132</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>439,708</u></b>	<b>\$ <u>370,005</u></b>

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2016**  
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue - Note 1</b>				
Gross Campaign Results	\$ 30,027	\$ 111,074	\$ -	\$ 141,101
Donor Designations	(4,743)	(11,095)	-	(15,838)
Provision for Uncollectible Pledges	3,212	(7,947)	-	(4,735)
Net Campaign Results	<u>28,496</u>	<u>92,032</u>	-	<u>120,528</u>
Special Events	13,605	-	-	13,605
Designations from Other United Ways	24,614	-	-	24,614
Service Fees	-	658	-	658
UnitedIN16 Grant	-	33,479	-	33,479
In-Kind	6,964	-	-	6,964
Program Service	2,134	-	-	2,134
Miscellaneous	2,200	-	-	2,200
Interest Income and Investment Loss - Note 3	(49)	-	-	(49)
Increase in Beneficial Interest in Jennings County Community Foundation Fund	-	-	137	137
Net Assets Released from Restriction	<u>96,463</u>	<u>(96,463)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>174,427</u>	<u>29,706</u>	<u>137</u>	<u>204,270</u>
<b>Program and Support Services</b>				
<b>Program Services</b>				
Gross Funds Distributed	56,011	-	-	56,011
Other Program Services	<u>79,506</u>	<u>-</u>	<u>-</u>	<u>79,506</u>
<b>Total Program Services</b>	<u>135,517</u>	<u>-</u>	<u>-</u>	<u>135,517</u>
<b>Support Services</b>				
Management and General	26,514	-	-	26,514
Fundraising	10,519	-	-	10,519
Unallocated Payments to Affiliated Organization - UWA Dues	<u>2,167</u>	<u>-</u>	<u>-</u>	<u>2,167</u>
<b>Total Support Services</b>	<u>39,200</u>	<u>-</u>	<u>-</u>	<u>39,200</u>
<b>Total Expenses</b>	<u>174,717</u>	<u>-</u>	<u>-</u>	<u>174,717</u>
<b>Change in Net Assets</b>	(289)	29,706	137	29,554
<b>Net Assets - Beginning of Year</b>	<u>63,679</u>	<u>142,468</u>	<u>23,985</u>	<u>230,132</u>
<b>Net Assets - End of Year</b>	<u>\$ 63,390</u>	<u>\$ 172,174</u>	<u>\$ 24,122</u>	<u>\$ 259,685</u>

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2015**  
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue - Note 1</b>				
Gross Campaign Results	\$ 32,390	\$ 114,840	\$ -	\$ 147,230
Donor Designations	(10,576)	(16,956)	-	(27,532)
Provision for Uncollectible Pledges	1,608	(8,752)	-	(7,144)
Net Campaign Results	<u>23,422</u>	<u>89,132</u>	<u>-</u>	<u>112,554</u>
Special Events	6,968	-	-	6,968
Designations from Other United Ways	23,236	-	-	23,236
Service Fees	(21)	620	-	598
Grant - 1010	-	25	-	25
In-Kind	12,837	-	-	12,837
Program Service	227	-	-	227
Miscellaneous	2,422	-	-	2,422
Interest Income and Investment Loss - Note 3	110	(94)	-	16
Increase in Beneficial Interest in Jennings County Community Foundation Fund	-	-	148	148
Net Assets Released from Restriction	<u>121,624</u>	<u>(121,624)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>190,825</u>	<u>(31,941)</u>	<u>148</u>	<u>159,032</u>
<b>Program and Support Services</b>				
<b>Program Services</b>				
Gross Funds Distributed	54,802	-	-	54,802
Other Program Services	<u>88,618</u>	<u>-</u>	<u>-</u>	<u>88,618</u>
<b>Total Program Services</b>	<u>143,420</u>	<u>-</u>	<u>-</u>	<u>143,420</u>
<b>Support Services</b>				
Management and General	28,982	-	-	28,982
Fundraising	8,166	-	-	8,166
Unallocated Payments to Affiliated Organization - UWA Dues	<u>1,658</u>	<u>-</u>	<u>-</u>	<u>1,658</u>
<b>Total Support Services</b>	<u>38,806</u>	<u>-</u>	<u>-</u>	<u>38,806</u>
<b>Total Expenses</b>	<u>182,226</u>	<u>-</u>	<u>-</u>	<u>182,226</u>
<b>Change in Net Assets</b>	8,599	(31,941)	148	(23,194)
<b>Net Assets - Beginning of Year</b>	<u>55,080</u>	<u>174,409</u>	<u>23,837</u>	<u>253,326</u>
<b>Net Assets - End of Year</b>	<u>\$ 63,679</u>	<u>\$ 142,468</u>	<u>\$ 23,985</u>	<u>\$ 230,132</u>

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**  
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 12	\$ 64,600	\$ -	\$ -	\$ -	\$ 64,600
Donor Designations	(8,679)	-	-	-	(8,679)
Special Grants and Allocations	89	-	-	-	89
<b>Net Funds Distributed</b>	<u>56,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,011</u>
Salaries and Wages - Professional	38,601	4,268	4,268	-	47,137
Payroll Taxes and Benefits	3,910	449	449	-	4,808
<b>Total Personnel</b>	<u>42,511</u>	<u>4,717</u>	<u>4,717</u>	<u>-</u>	<u>51,945</u>
Accounting and Pledge					
Processing Services	-	11,280	-	-	11,280
Professional Fees	-	6,500	-	-	6,500
Contract Service Fees	-	-	475	-	475
Campaign Events and Supplies	-	-	3,787	-	3,787
Marketing and Advertising	2,026	4	4	-	2,034
Postage	383	48	48	-	479
Office Supplies	705	88	88	-	881
Telephone and Utilities	3,076	384	384	-	3,844
Repairs and Maintenance	2,610	326	326	-	3,262
Insurance	1,957	245	245	-	2,447
Conferences, Training and Meetings	119	15	41	-	175
Equipment Purchases	170	21	21	-	212
Grants					
4Community2	1,386	-	-	-	1,386
INvest1213	3,496	-	-	-	3,496
Work2Gether	1,138	-	-	-	1,138
Special Event, Day of Caring	6,901	-	-	-	6,901
Youth Leadership	1,672	-	-	-	1,672
Charity Tracker	2,578	-	-	-	2,578
Dollars for Scholars	3,069	-	-	-	3,069
Disaster Relief	249	-	-	-	249
Building	347	43	43	-	433
Interest	-	2,451	-	-	2,451
Local and State Affiliation Dues	384	48	48	-	480
Depreciation - Note 1	2,462	265	265	-	2,992
Miscellaneous	2,267	79	27	-	2,373
<b>Subtotal</b>	<u>79,506</u>	<u>26,514</u>	<u>10,519</u>	<u>-</u>	<u>116,539</u>
United Way of America - Dues	-	-	-	2,167	2,167
<b>Totals</b>	<u>\$ 135,517</u>	<u>\$ 26,514</u>	<u>\$ 10,519</u>	<u>\$ 2,167</u>	<u>\$ 174,717</u>

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**  
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 12	\$ 73,960	\$ -	\$ -	\$ -	\$ 73,960
Donor Designations	(19,198)	-	-	-	(19,198)
Special Grants and Allocations	40	-	-	-	40
<b>Net Funds Distributed</b>	<u>54,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,802</u>
Salaries and Wages - Professional	38,508	3,964	3,964	-	46,436
Payroll Taxes and Benefits	3,915	426	426	-	4,767
<b>Total Personnel</b>	<u>42,423</u>	<u>4,390</u>	<u>4,390</u>	<u>-</u>	<u>51,203</u>
Accounting and Pledge Processing Services	-	10,740	-	-	10,740
Professional Fees	-	6,500	-	-	6,500
Contract Service Fees	-	-	36	-	36
Campaign Events and Supplies	-	-	1,549	-	1,549
Marketing and Advertising	4,496	100	100	-	4,696
Postage	77	10	10	-	97
Office Supplies	694	87	87	-	868
Telephone and Utilities	4,119	515	515	-	5,149
Repairs and Maintenance	3,146	393	393	-	3,932
Insurance	1,823	228	228	-	2,279
Conferences, Training and Meetings	14	(23)	(23)	-	(32)
Travel	519	76	105	-	700
Equipment Purchases	491	61	61	-	613
Grants					
4Community2	955	-	-	-	955
INvest1213	6,568	-	-	-	6,568
Work2Gether	604	-	-	-	604
Special Event, Day of Caring	2,801	-	-	-	2,801
Youth Leadership	1,850	-	-	-	1,850
Charity Tracker	2,150	-	-	-	2,150
Dollars for Scholars	2,975	-	-	-	2,975
Disaster Relief	4,936	-	-	-	4,936
Building	2,932	366	366	-	3,664
Interest	-	5,183	-	-	5,183
Local and State Affiliation Dues	382	48	48	-	478
Depreciation - Note 1	3,193	283	283	-	3,759
Miscellaneous	1,470	25	18	-	1,513
<b>Subtotal</b>	<u>88,618</u>	<u>28,982</u>	<u>8,166</u>	<u>-</u>	<u>125,766</u>
United Way of America - Dues	-	-	-	1,658	1,658
<b>Totals</b>	<u>\$ 143,420</u>	<u>\$ 28,982</u>	<u>\$ 8,166</u>	<u>\$ 1,658</u>	<u>\$ 182,226</u>



**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**  
(See Independent Auditor's Report)

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 29,554	\$ (23,194)
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Depreciation Expense	2,993	3,759
Increase in Beneficial Asset Held by Foundation	(137)	(148)
Loss on Valuation and Sale of Donated Stock	86	9
Donated Stock	-	(1,104)
(Increase) Decrease in Pledges Receivable - Net	11,524	47,635
(Increase) Decrease in Grant Receivable	(33,479)	39,150
(Increase) Decrease in Prepaid Expenses	1,340	(1,339)
Increase (Decrease) in Accounts Payable	(601)	(1,587)
Increase (Decrease) in Accrued Distributions	-	(19,250)
Increase (Decrease) in Accrued Wages and Vacation	818	(192)
Increase (Decrease) in Short Term Pass Through Payable	50,000	-
Increase (Decrease) in Designations Payable - Net	(2,918)	(1,055)
	<u>59,179</u>	<u>42,684</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Sale of Donated Stock	<u>1,010</u>	<u>-</u>
	<u>1,010</u>	<u>-</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Mortgage Payable	<u>(7,149)</u>	<u>(4,417)</u>
	<u>(7,149)</u>	<u>(4,417)</u>
<b>Net Cash Used in Financing Activities</b>		
<b>Net Increase in Cash and Cash Equivalents</b>	53,040	38,267
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>118,377</u>	<u>80,110</u>
<b>Cash and Cash Equivalents - End of Year</b>	\$ <u><u>171,417</u></u>	\$ <u><u>118,377</u></u>
<b>Supplemental Cash Flow Information</b>		
Cash Paid for Interest Expense	\$ <u><u>2,451</u></u>	\$ <u><u>5,183</u></u>

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**  
(See Independent Auditor's Report)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** - Jennings County United Way, Inc. (the Organization), was formed in 1963 as a voluntary not-for-profit organization benefiting the Jennings County, Indiana community. The mission of the Organization is to provide vision and leadership in the community's pursuit of a rich and full quality of life for all people in Jennings County. The Organization is governed by a volunteer board of directors and solicits donations from the public in Jennings County and grants monies to various not-for-profit agencies.

**BASIS OF PRESENTATION** - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (FASB) ASC 958-225-45-5, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-225-45-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Unrestricted Net Assets:** Unrestricted net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its by-laws.

**Temporarily Restricted Net Assets:** Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization.

**Permanently Restricted Net Assets:** Permanently restricted net assets include resources subject to donor imposed stipulations that are maintained permanently by the Organization.

**CASH AND CASH EQUIVALENTS** - For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**PROPERTY AND EQUIPMENT** - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective asset as follows:

Office Equipment	5 Years	
Building	40 Years	
	2016	2015
Depreciation Expense	\$ <u>2,993</u>	\$ <u>3,759</u>

**INCOME TAXES** - The Organization is a not-for-profit, charitable organization as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

(Continued)

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**  
(See Independent Auditor's Report)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**SUPPORT, REVENUE AND PLEDGES** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as a receivable when the pledge is received and allowances are provided for pledges estimated to be uncollectible. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classifications.

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

The majority of pledges receivable are received from a broad base of Jennings County contributors as a result of the annual United Way Campaign.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management's evaluation of the collectability of the pledges receivable, trends in historical bad debt experience and economic conditions, applied to gross campaign, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of bad debts and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

**SHORT-TERM INVESTMENTS** - Short-term investments consist of donated securities and are recorded at fair value.

The Organization's short-term investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amount reported in the Statements of Financial Position and the Statements of Activities.

**COST DEDUCTION** - The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

**FUNCTIONAL ALLOCATION OF EXPENSES** - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs for payroll and other overhead costs have been allocated among the programs and supporting services based upon the distribution of staff time.

**ADVERTISING** - Advertising costs are expensed as incurred.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

**Jennings County United Way, Inc.**  
**North Vernon, Indiana**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**  
(See Independent Auditor's Report)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**IN-KIND CONTRIBUTIONS** - During the years ended December 31, 2016 and 2015, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$6,964 and \$12,837, respectively. In-kind contributions are as follows:

	2016	2015
Advertising	\$ 1,994	\$ 4,696
Charity Tracker	504	540
Building and Equipment Maintenance	3,260	7,601
Youth Leadership	226	-
Disaster	144	-
Work2Gether	186	-
Day of Caring	650	-
	<u>6,964</u>	<u>12,837</u>
Total In-Kind Contributions	<u>\$ 6,964</u>	<u>\$ 12,837</u>

**CONTRIBUTED SERVICES** - During the years ended December 31, 2016 and 2015, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fundraising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made* and are not included in the financial statements.

**RECLASSIFICATIONS** - Certain account combinations from the prior year financial statements have been reclassified in the financial statements and notes to the financial statements to conform to the current year format.

**NOTE 2 - PROPERTY AND EQUIPMENT**

The Organization's property and equipment consists of the following:

	2016	2015
Furniture and Equipment	\$ 12,037	\$ 12,037
Building - See Note 7	94,507	94,507
Land - See Note 7	55,504	55,504
Less: Accumulated Depreciation	(16,731)	(13,738)
	<u>145,317</u>	<u>148,310</u>
Total Property and Equipment - Net	<u>\$ 145,317</u>	<u>\$ 148,310</u>

**NOTE 3 - INVESTMENTS**

As of December 31, 2015, Short-Term Investments include donated marketable equity securities with a fair value of \$1,095.

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**NOTE 3 - INVESTMENTS** (continued)

Investment return is summarized below:

	2016	2015
Interest Income	\$ 38	\$ 24
Loss on Valuation and Sale of Donated Stock	<u>(86)</u>	<u>(9)</u>
Total Investment Income (Loss)	<u>\$ (48)</u>	<u>\$ 15</u>

**NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY THE JENNINGS COUNTY COMMUNITY FOUNDATION**

Since 2002, the Organization has made multiple transfers to the Jennings County Community Foundation (Foundation) into the Jennings County United Way, Inc. Agency Endowment Fund under a designated endowment agreement. Under this agreement, the Organization is specified as the beneficiary of the net earnings (net of expense) of the fund; however, the Foundation has retained variance authority of those funds. The beneficial interest reported as an asset represents the present value of the estimated future cash flows to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the fund is reported as an increase or decrease in permanently restricted net assets. The beneficial interest in assets held by the Endowment is summarized as follows:

	2016	2015
Total Beneficial Interest in Jennings County Community Foundation	<u>\$ 24,123</u>	<u>\$ 23,985</u>

Change in endowment net assets for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Beginning of Year	\$ 21,591	\$ 24,272
Investment Earnings (Includes Interest, Dividends, Realized and Unrealized Gains and Losses, Less Fees)	<u>151</u>	<u>(2,681)</u>
End of Year	<u>\$ 21,742</u>	<u>\$ 21,591</u>

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS AND AGENCY CASH BALANCES**

At December 31, 2016 and 2015, the cash and cash equivalent balance on the Statements of Financial Position includes temporarily restricted net assets totaling \$103,387 and \$105,740, respectively.

At December 31, 2016, the Organization is serving as agent to hold \$50,000 in cash and cash equivalents to be used in conjunction with the construction of a new Farmer's Market Shelter House located in a city park in North Vernon, Indiana.

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**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	2016	2015
Time Restriction	\$ 92,691	\$ 89,658
UnitedIN16	32,813	-
INvest1213	8,176	11,672
4Community2 Implementation	899	2,591
Work2Gether	<u>37,596</u>	<u>38,547</u>
Total	<u>\$ 172,174</u>	<u>\$ 142,468</u>

During the years ended December 31, 2016 and 2015, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2016	2015
Time Restriction	\$ 89,658	\$ 112,734
UnitedIN16	666	-
INvest1213	3,496	6,402
4Community2 Implementation	1,692	1,884
Work2Gether	<u>951</u>	<u>604</u>
Total	<u>\$ 96,463</u>	<u>\$ 121,624</u>

**NOTE 7 - MORTGAGE PAYABLE**

At December 31, 2016 and 2015, the Organization is obligated on a mortgage note payable with Mainsouce Bank, totaling \$106,153 and \$113,302 respectively. Monthly mortgage payments of \$737 including interest at 4.10% are required. The mortgage matures in July, 2034 and the Organization's building and land serve as collateral. The net carrying amount of the Organization's building and land as of December 31, 2016 is \$143,917.

At December 31, 2016, future minimum mortgage payments are:

For the Years Ending December 31,		2017	\$	4,949
		2018		5,138
		2019		5,334
		2020		5,538
		2021		5,749
		Thereafter		<u>79,445</u>
			\$	<u>106,153</u>

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**NOTE 8 - PENSION PLAN**

The Organization has established a simple individual retirement account plan for all full-time employees. Eligible employees may defer a portion of their annual compensation up to the maximum allowable by law. The Organization matches up to 3% of employee contributions to the plan. The Organization's contributions were \$1,264 and \$1,199 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 9 - RELATED PARTIES**

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the Jennings County United Way, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the Jennings County United Way, Inc.

**NOTE 10 - CONCENTRATION OF CREDIT RISKS**

At December 31, 2016, the Organization maintains several cash accounts at two financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, during the years ended December 31, 2016 and 2015, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. At December 31, 2016 and 2015, the Organization had no accounts in excess of the \$250,000. The Organization has not experienced any losses.

**NOTE 11 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* as of January 1, 2009. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements. The Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2013 and does not expect the total amount of unrecognized tax benefits to significantly change in the next year. The Organization would recognize interest and penalties related to income tax matters in miscellaneous expense. The Organization did not have any amounts accrued for interest and penalties as of December 31, 2016 and 2015.

**NOTE 12 - DESCRIPTION OF MAJOR PROGRAM SERVICES**

The Organization supports other not-for-profit agencies in Jennings County, Indiana serving four impact areas; Crisis, Education, Income and Health through distributions as well as managing multiple internal programs.

**Charity Tracker - Jennings County Assistance Network** - Streamlines client intake in a shared confidential database of community wide information and assistance to reduce duplication of services and stretch community resources and track outcomes. Partner agencies can make and track referrals to one another within the software and set shared client goals as well as track outcomes.

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**NOTE 12 - DESCRIPTION OF MAJOR PROGRAM SERVICES** (Continued)

**Financial Stability** - A multifaceted program that promotes community change – creating lasting solutions to strengthen families financially, combat poverty and keep problems from happening in the first place. Programs include:

**Bridges out of Poverty** - Workshops for those in the business of helping people that equip our educators, social service providers, professionals, employers and community leaders to understand the diversity gap created by poverty and better assist those struggling to be successful.

**Getting Ahead in a just gettin' by World** - Classes that empower clients to write a new future story by completing an assessment and then creating their own plan to climb out of poverty using SMART goals.

**Financial Peace University** - Nine week class that inspires all families to live debt free and build wealth.

**Circle of Hope Network** - A network of support and encouragement for the families working toward goals to improve their situations.

**Financial Stability Center** - Creating a centralized place to help families focus on becoming stable and building resources.

**VITA Program** - The Volunteer Income Tax Assistance (VITA) Program provides Internal Revenue Service certified volunteers to complete and e-file tax returns for low to moderate income clients, elderly or disabled as well as promote savings and financial literacy.

**Dollars for Scholars** - Making it easier for area students to attend college. Between 15 to 30 United Way Dollars for Scholars Scholarships are awarded each year to help recognize academic achievement among a larger number of graduating seniors in Jennings County who have made the choice to pursue higher education.

**Day of Caring** - Providing volunteer service to the community. The community wide effort engages 500 to 650 caring and eager volunteers that complete 60 to 85 projects each year demonstrating "LIVE UNITED" in action. By joining hands to work together, the Organization increases the capacity to care for one another in a very tangible way. All this energy benefits the programs serving the Organization's community and improves the lives of its neighbors.

**Work2Gether Grant** - The Organization was awarded a Work2Gether Grant in August, 2014 totaling \$39,150 from the Indiana Association of United Ways. The grant can be used to improve financial stability in the Jennings County, Indiana community.

**INvest1213 and INvest1213 Collaborative Grants** - The Organization was awarded an INvest1213 Grant and INvest1213 Collaborative Grant in June, 2012 totaling \$25,850 and \$50,000, respectively, from the Indiana Association of United Ways. The INvest1213 Grant can be used for financial stability programs targeting education in Jennings County. The INvest1213 Collaborative Grant is to be used to implement the Invest1213 agenda with four Indiana counties each contributing \$3,125.

**UnitedIN16 Grant** - The Organization was awarded a UnitedIN16 grant in August, 2016 totaling \$40,000 from the Indiana Association of United Ways. The grant can be used for financial stability programs and requires new matching campaign pledges from new donors or increases in annual contributions from prior donors.



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**NOTE 13 - CONCENTRATION OF CAMPAIGN PLEDGES**

During the years ended December 31, 2016 and 2015, campaign pledges and general contributions were received from donors that exceeded ten percent of the Organization's total gross current year campaign donations and general contribution. The campaign and general contribution revenues and related receivable amounts for each donor exceeding ten percent as of December 31, 2016 and 2015 are as follows:

	2016	
	Campaign	Receivable
Local Foundation	\$ 35,411	\$ -
Local Manufacturer	14,353	10,712
Local School Corporation	15,762	15,447
Total Concentration of Campaign Pledges	\$ 65,526	\$ 26,159
	2015	
	Campaign	Receivable
Local Foundation	\$ 33,588	\$ -
Local Manufacturer	15,552	14,371
Local School Corporation	13,710	13,310
Total Concentration of Campaign Pledges	\$ 62,850	\$ 27,681

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

The Organization values certificates of deposit at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in Jennings County Community Foundation is based upon a valuation model that calculates the present value of estimated future distributable income (Level 3).

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**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

Assets measured at fair value on a recurring basis are summarized below by the three levels of hierarchy:

	2016		
	Level 1	Level 2	Level 3
Beneficial Interest in Jennings County Community Foundation	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>      24,123</u>
	2015		
	Level 1	Level 2	Level 3
Marketable Equity Securities	\$ 1,095	\$ -	-
Beneficial Interest in Jennings County Community Foundation	-	-	23,985
	\$ 1,095	\$ -	\$ 23,985

The table below represents a reconciliation of activities reflected in the Statements of Activities of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2016 and 2015:

	2016	2015
Beginning of the Year	\$ 23,985	\$ 23,837
Change in Net Present Value of Beneficial Interest	137	148
End of Year	\$ 24,122	\$ 23,985

**NOTE 15 - SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through the report date of October 5, 2017.