UNITED WAY OF SAN JOAQUIN COUNTY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2018 AND 2017

CROCE, SANGUINETTI, & VANDER VEEN INC.

CERTIFIED PUBLIC ACCOUNTANTS

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CROCE, SANGUINETTI, & VANDER VEEN INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
United Way of San Joaquin County
Stockton, California

We have audited the accompanying financial statements of **United Way of San Joaquin County** (a California Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of San Joaquin County** as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
February 11, 2019

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Financial Position

June 30,

Assets

	2018	2017
Current assets		
Cash and cash equivalents	$ 1,151,891	$ 903,500
Certificate of deposit	100,000	100,000
Accounts receivable	4,584	10,809
Pledges receivable, net of allowance for uncollectible pledges	525,843	608,810
Prepaid expenses	10,125	10,485
Total current assets	1,792,443	1,633,604
Property and equipment, at cost	341,737	361,692
Less accumulated depreciation	(176,184)	(190,802)
	165,553	170,890
Total assets	$ 1,957,996	$ 1,804,494

Liabilities and Net Assets

	2018	2017
Current liabilities		
Accounts payable	$ 20,127	$ 30,868
Accounts payable - related party	9,955	9,433
Accrued liabilities	25,469	20,460
Allocations payable	500,575	205,000
Designations payable	582,783	725,515
Total current liabilities	1,138,909	991,276
Net assets		
Unrestricted	819,087	813,218
Total net assets	819,087	813,218
Total liabilities and net assets	$ 1,957,996	$ 1,804,494

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Activities

Years ended June 30,

	2018	2017
Unrestricted net assets		
Public support		
Campaign results		
Employee	$ 1,185,985	$ 1,266,556
Alexis de Tocqueville Society	225,000	420,500
Corporate	267,046	253,982
Corporate care	10,000	-
Gross campaign revenue	1,688,031	1,941,038
Donor designations	(624,161)	(1,053,661)
Provisions for uncollectible pledges	(75,447)	(78,278)
Net campaign revenue	988,423	809,099
Other support		
Special events - net of expenses of $110,361 and $153,996	62,511	85,735
In-kind contributions	2,573	-
Net assets released from restrictions	-	11,409
Total public support	1,053,507	906,243
Other revenue		
Service fees	35,001	48,769
Administrative fees	19,573	15,934
Interest income	6,066	1,283
Grant income	5,000	35,000
Loss on sale of investment	-	(145)
Total other revenue	65,640	100,841
Total unrestricted support and revenue	$ 1,119,147	$ 1,007,084

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Activities (Continued)

Years ended June 30,

	2018	2017
Expenses		
Program services		
Allocations and designations		
Allocations and designations	$ 1,052,474	$ 1,293,043
Less donor designations	(624,161)	(1,053,661)
Net allocations and designations	428,313	239,382
Resource distributions	120,848	122,780
Total program services	549,161	362,162
Supporting services		
Resource development	397,881	457,347
Operating	146,150	152,038
United Way Worldwide dues	20,086	18,866
Total support services	564,117	628,251
Total expenses	1,113,278	990,413
Net increase in unrestricted net assets	5,869	16,671
Temporarily restricted net assets		
Net assets released from restrictions	-	(11,409)
Decrease in temporarily restricted net assets	-	(11,409)
Change in net assets	5,869	5,262
Net assets, beginning of year	813,218	807,956
Net assets, end of year	$ 819,087	$ 813,218

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Functional Expenses

Year ended June 30, 2018

	Program services			Supporting services				
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	Total supporting services	Total
Salaries	$ -	$ 54,987	$ 54,987	$ 187,601	$ 80,862	$ -	$ 268,463	$ 323,450
Loan exec salaries	-	477	477	2,863	1,431	-	4,294	4,771
Employee benefits	-	9,416	9,416	32,124	13,847	-	45,971	55,387
Payroll taxes	-	3,970	3,970	13,544	5,838	-	19,382	23,352
Other employee expenses	-	1,055	1,055	3,601	1,552	-	5,153	6,208
Total salaries and related expenses	-	69,905	69,905	239,733	103,530	-	343,263	413,168
Advertising	-	-	-	9,825	-	-	9,825	9,825
Allocation and designation	428,313	-	428,313	-	-	-	-	428,313
Community events	-	-	-	7,657	-	-	7,657	7,657
Consulting	-	24,000	24,000	3,000	3,000	-	6,000	30,000
Equipment rental and maintenance	-	4,191	4,191	14,298	6,163	-	20,461	24,652
Insurance	-	1,525	1,525	5,204	2,244	-	7,448	8,973
Membership dues	-	-	-	1,856	-	-	1,856	1,856
Miscellaneous	-	743	743	2,534	1,092	-	3,626	4,369
Occupancy	-	4,892	4,892	16,690	7,193	-	23,883	28,775
Periodicals	-	30	30	102	43	-	145	175
Postage and shipping	-	514	514	1,755	756	-	2,511	3,025
Professional service	-	10,430	10,430	35,584	15,337	-	50,921	61,351
Sponsorship fees	-	-	-	23,650	-	-	23,650	23,650
Supplies	-	871	871	23,209	1,281	-	24,490	25,361
Telephone	-	1,301	1,301	4,440	1,914	-	6,354	7,655
Training expense	-	5	5	16	7	-	23	28
Travel expense	-	304	304	1,038	447	-	1,485	1,789
United Way Worldwide dues	-	-	-	-	-	20,086	20,086	20,086
Total functional expenses before depreciation	428,313	118,711	547,024	390,591	143,007	20,086	553,684	1,100,708
Depreciation	-	2,137	2,137	7,290	3,143	-	10,433	12,570
Total functional expenses	$ 428,313	$ 120,848	$ 549,161	$ 397,881	$ 146,150	$ 20,086	$ 564,117	$ 1,113,278

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Functional Expenses

Year ended June 30, 2017

	Program services			Supporting services				
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	Total supporting services	Total
Salaries	$ -	$ 56,197	$ 56,197	$ 191,729	$ 82,642	$ -	$ 274,371	$ 330,568
Loan exec salaries	-	2,471	2,471	14,828	7,414	-	22,242	24,713
Loaned exec grant	-	-	-	20,229	-	-	20,229	20,229
Employee benefits	-	9,121	9,121	31,117	13,412	-	44,529	53,650
Payroll taxes	-	4,662	4,662	15,904	6,856	-	22,760	27,422
Other employee expenses	-	1,063	1,063	3,625	1,562	-	5,187	6,250
Total salaries and related expenses	-	73,514	73,514	277,432	111,886	-	389,318	462,832
Advertising	-	-	-	8,076	-	-	8,076	8,076
Allocation and designation	239,382	-	239,382	-	-	-	-	239,382
Community events	-	-	-	17,723	-	-	17,723	17,723
Consulting	-	24,000	24,000	10,500	3,000	-	13,500	37,500
Equipment rental and maintenance	-	3,344	3,344	11,410	4,917	-	16,327	19,671
Insurance	-	1,469	1,469	5,010	2,160	-	7,170	8,639
Membership dues	-	-	-	5,541	-	-	5,541	5,541
Miscellaneous	-	347	347	1,184	510	-	1,694	2,041
Occupancy	-	4,576	4,576	15,613	6,730	-	22,343	26,919
Periodicals	-	29	29	98	42	-	140	169
Postage and shipping	-	409	409	1,397	601	-	1,998	2,407
Professional service	-	10,263	10,263	35,014	15,092	-	50,106	60,369
Sponsorship fees	-	-	-	26,150	-	-	26,150	26,150
Supplies	-	1,104	1,104	29,490	1,622	-	31,112	32,216
Telephone	-	1,415	1,415	4,827	2,080	-	6,907	8,322
Training expense	-	-	-	-	-	-	-	-
Travel expense	-	572	572	1,951	841	-	2,792	3,364
United Way Worldwide dues	-	-	-	-	-	18,866	18,866	18,866
Total functional expenses before depreciation	239,382	121,042	360,424	451,416	149,481	18,866	619,763	980,187
Depreciation	-	1,738	1,738	5,931	2,557	-	8,488	10,226
Total functional expenses	$ 239,382	$ 122,780	$ 362,162	$ 457,347	$ 152,038	$ 18,866	$ 628,251	$ 990,413

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Cash Flows

Years ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 5,869	$ 5,262
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,570	10,226
(Increase) decrease in operating assets:		
Accounts receivable	6,225	10,330
Pledges receivable, net	82,967	23,458
Prepaid expenses	360	897
Increase (decrease) in operating liabilities:		
Accounts payable	(10,219)	9,775
Accrued liabilities	5,009	(2,630)
Allocations payable	295,575	(41,000)
Designations payable	(142,732)	(71,175)
Net cash provided by (used in) operating activities	255,624	(54,857)
Cash flows from investing activities		
Purchases of property and equipment	(7,233)	(15,512)
Net cash used in investing activities	(7,233)	(15,512)
Net increase (decrease) in cash and cash equivalents	248,391	(70,369)
Cash and cash equivalents, beginning of year	903,500	973,869
Cash and cash equivalents, end of year	$ 1,151,891	$ 903,500

The accompanying notes are an integral part of these financial statements.

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of United Way of San Joaquin County is presented to assist in understanding the Organization's financial statements.

Operations

The United Way of San Joaquin County (the Organization), is a California non-profit corporation, founded in 1926 and governed by a volunteer Board of Directors. The Organization's main purpose includes assessing on a continual basis, the community's need for human services, developing financial resources to meet human service needs of the community, maximizing resources available to agencies for services aimed at the most urgent current needs of the community, developing community support for the entire Organization through a systematic communications program which both speaks and listens to the community, managing the Organization's operations effectively, and offering assistance to agencies wishing to improve their management skills, and financially managing and disbursing resources in accordance with the directions and intent of donors, or, in the absence of directions, as the Organization may deem best for the promotion of any or all of the foregoing purposes.

Organizational mission statement

The mission of United Way of San Joaquin County is to improve the lives of people by mobilizing the caring power of communities.

United Way of San Joaquin County envisions a community where the generosity of individuals and business is coupled with the services provided by community organizations to improve people's lives.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and comply with Financial Accounting Standards Board (FASB) Accounting Standard Codification for not-for-profit organizations.

Basis of presentation

The Organization prepares its financial statements in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Organizations* (Audit Guide). Under the Audit Guide, 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.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and are related to the operation and management of the Organization's primary programs and supporting services.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they 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. As of June 30, 2018 and 2017, the Organization did not have any assets that are subject to donor-restrictions that require the assets to be maintained permanently.

<u>Cash and cash equivalents</u>

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

<u>Campaign pledges</u>

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2018 and 2017 are from corporations and individuals.

Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by United Way of San Joaquin County but are reported as part of campaign revenue from which the amounts are then deducted to arrive at total contributions.

<u>Property and equipment</u>

Purchases of property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. It is the Organization's policy to capitalize expenditures for these items in excess of $500. Lesser amounts are expensed. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years.

Repairs and maintenance items are expensed during the current year unless they significantly increase the life of the asset.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments

The carrying amounts of financial instruments, including cash, certificate of deposits, accounts receivable and accounts payable approximate their fair value due to the short-term maturities of these instruments.

Contributions

As required by the *Accounting for Contributions Received and Contributions Made* topic of the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence or nature of any donor restrictions.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classifications on the basis of cost allocations using actual time worked in each program and on estimates made by the Organization's management. This is consistent with the standards for allocation of functional expenses in accordance with GAAP and United Way Worldwide.

Donated goods and services

Donated materials and equipment are reflected as contributions in the financial statements at their estimated fair value at date of receipt. The Organization will recognize the fair value of donated services if the services meet the recognition criteria which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

Concentrations of credit risk

During the years ended June 30, 2018 and 2017, the Organization maintained cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts in certain financial institutions. Cash deposits in excess of the FDIC insured amounts in separate named accounts within one institution may represent a credit risk. As of June 30, 2018 and 2017, total deposits in excess of the FDIC limits were $566,115 and $353,790, respectively.

United Way of San Joaquin County is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the United Way's ability to provide services and to allocate funds to its designated agencies.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Tax-exempt status

The Organization is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code in accordance with its determination letter dated October 13, 1971. Accordingly, the Organization has been determined to be exempt from federal income and state franchise taxes.

Accounting for uncertainty in income taxes

The Organization evaluates its uncertain tax positions and will recognize a loss contingency when is it probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2018 and 2017, management did not identify any uncertain tax positions.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is 2014 and forward. The State of California tax jurisdiction is subject to potential examination for 2013 and forward.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through February 11, 2019, the date on which the financial statements were available to be issued.

New accounting pronouncements

Standards not yet adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU is a comprehensive new revenue recognition model that requires an Organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2018 for this Organization. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. For this Organization, the ASU will be effective for reporting periods beginning after December 15, 2019. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-08, *Revenues from Contracts with Customers (Topic 606): Principal versus Agent Considerations*. ASU 2016-08 amends the principal-versus-agent implementation guidance set forth in ASU 2014-09. Among other things, ASU 2016-08 clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. For this Organization, the ASU will be effective for reporting periods beginning after December 15, 2018. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

In April 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. This ASU amends certain aspects of ASU 2014-09 related to identifying performance obligations and licensing implementation, while retaining the related principles for those areas. For this Organization, the ASU will be effective for reporting periods beginning after December 15, 2018. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The primary purpose of this ASU is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for NFP's. The ASU will be effective for reporting periods beginning after December 15, 2018. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The primary purpose of the ASU is to address eight specific cash flow issues with the objective of reducing the existing diversity in practice. For this Organization, the ASU will be effective for reporting periods beginning after December 15, 2018. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

(Continued)

Note A - Summary of Significant Accounting Policies (Continued)

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the guidance in Topic 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. For this Organization, the ASU will be effective for reporting periods beginning after December 15, 2018. The Organization is currently assessing the financial impact of this guidance and does not expect the adoption of this ASU to have a material impact on its financial statements.

Note B - Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Pledges receivable - The fair value of pledges receivable is estimated by discounting the future cash flows by the amount of the provision for uncollectible pledges.

The estimated fair value of the Organization's financial instruments is as follows at June 30:

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$1,151,891	$1,151,891	$ 903,500	$ 903,500
Certificate of deposit	100,000	100,000	100,000	100,000
Pledges receivable	525,843	525,843	608,810	608,810

Note C - Pledges Receivable and Allowance for Uncollectible Pledges

Pledges receivable consist of unconditional promises to give by donors and are recorded at net realizable value. Pledges receivable are net of provisions for uncollectible pledges. The provision for uncollectible pledges is computed based on a percentage of the total campaign year pledges. For the years ended June 30, 2018 and 2017, all pledges receivable were due within one year.

(Continued)

Note C - Pledges Receivable and Allowance for Uncollectible Pledges (Continued)

The pledges per campaign year are shown in the following table at June 30:

	2018	2017
Pledges receivable	$ 601,290	$ 687,088
Allowance for uncollectible pledges	(75,447)	(78,278)
Net pledges receivable	$ 525,843	$ 608,810

Note D - Property and Equipment

Property and equipment consist of the following at June 30:

	2018	2017
Land	$ 27,500	$ 27,500
Building	206,418	206,418
Furniture and equipment	107,819	127,774
	341,737	361,692
Less accumulated depreciation	(176,184)	(190,802)
Total	$ 165,553	$ 170,890

Note E - Designations Payable

Designations payable are pledges which are pledged to specific agencies. The income and expense related to the designations are not recognized by the Organization. For the year ended June 30, 2018 and 2017, all designations payable were due within one year.

Note F - Allocations Payable

Annual campaigns are conducted to raise support for allocation to participating agencies. Based upon the results of the annual fund-raising campaign, allocation committees make recommendations to the Board of Directors as to the amount of allocations each agency should receive from undesignated pledges. Allocations approved by the Board to agencies for the year ended June 30, 2018 and 2017 were $500,575 and $205,000, respectively.

Allocations payable are promises to give to local nonprofit agencies, which will be given to the agency upon compliance with certain provisions in the applications. The allocations are recognized as an expense in the period the allocations are made. For the years ended June 30, 2018 and 2017, all allocations payable were due within one year.

Note G - Retirement Plan

The Organization terminated the 403(b) thrift pension plan and implemented a Simple IRA Plan on June 19, 2015. Effective June 1, 2015, the Organization will make an employer-based matching contribution equal to the eligible participant's salary reduction not to exceed 3% of the participant's salary. The Organization's contribution for the year ended June 30, 2018 and 2017 was $6,882 and $8,264, respectively.

Note H - Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2018 and 2017 were $9,825 and $8,076, respectively.

Note I - Emergency Food and Shelter Program

The Organization cooperates with the United Way Worldwide and Emergency Food and Shelter Program (EFSP), by the allocation of certain funds provided by EFSP for food and shelter for the homeless. The Organization receives a fee for their advisory role in administering this program. For the years ended June 30, 2018 and 2017, the Organization received $9,119 and $9,696, respectively.

Note J - Operating Leases

The Organization leases a copy machine under a five-year operating lease expiring in 2023. The following is a schedule of future minimum rental payments required under the above noncancelable operating lease:

Year ending June 30,		
2019	$	10,497
2020		10,497
2021		10,497
2022		10,497
2023		9,622
	$	51,610

Rental expense for the years ended June 30, 2018 and 2017 was $11,090 and $11,058, respectively.

Note K - Related Party Transactions

Annually, the United Way of San Joaquin County renews membership with an affiliate. As part of the membership renewal, a membership investment must be made. The amount is calculated as a percentage of the prior year's campaign revenue. During the years ended June 30, 2018 and 2017, the Organization incurred and paid a membership investment of $20,086 and $18,866, respectively.

Note L - Subsequent Event

On July 30, 2018, the Organization entered into a new office lease agreement. The new lease commencement date is December 1, 2018, following the completion of tenant improvements, with the exception of the elevator installation. The Organization will lease approximately 2,500 square feet of office space starting at a monthly rent of $2,250, until the elevator installation is complete. Upon the completion of the elevator installation, monthly rent shall commence for a ten-year term starting at a monthly rent of $3,000 and escalating to $3,500 per month by the end of the lease term.