

**LIVE UNITED**



**United Way of Delaware**

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**UNITED WAY OF DELAWARE, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

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UNITED WAY OF DELAWARE, INC.  
JUNE 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

January 7, 2020

To the Board of Directors  
United Way of Delaware, Inc.  
Wilmington, Delaware

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position of United Way of Delaware, Inc. ("the Organization"), a not-for-profit organization, as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in

To the Board of Directors  
United Way of Delaware, Inc.

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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Delaware, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, United Way of Delaware, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14. Our opinion is not modified with respect to this matter.

#### Report on Summarized Comparative Information

We have previously audited United Way of Delaware, Inc.'s June 30, 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the Organization as a whole. The supplemental consolidating information presented on pages 20 - 23 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

|  | <u>2019</u>                 | <u>2018</u>                 |
|--|-----------------------------|-----------------------------|
| <b>ASSETS</b>  |                             |                             |
| Cash and cash equivalents  | \$ 2,800,835                | \$ 4,131,808                |
| Pledges receivable, net  | 4,719,187                   | 3,657,111                   |
| Investments, at fair value   | 4,421,936                   | 4,790,091                   |
| Building and equipment, net of<br>accumulated depreciation   | 942,588                     | 1,036,302                   |
| Other assets   | <u>283,819</u>              | <u>305,569</u>              |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 13,168,365</u></b> | <b><u>\$ 13,920,881</u></b> |
| <br><b>LIABILITIES AND NET ASSETS</b>  |                             |                             |
| <b>LIABILITIES:</b>  |                             |                             |
| Distributions payable to agencies, including donor<br>designations of \$1,768,098 and \$1,905,287 for<br>2019 and 2018, respectively | \$ 2,762,544                | \$ 3,583,483                |
| Accounts payable and accrued expenses  | <u>484,836</u>              | <u>409,477</u>              |
| <b>Total Liabilities</b>   | <b><u>3,247,380</u></b>     | <b><u>3,992,960</u></b>     |
| <br><b>NET ASSETS:</b>   |                             |                             |
| Without donor restriction:   |                             |                             |
| Undesignated   | 869,171                     | 862,119                     |
| Designated   | <u>3,378,134</u>            | <u>3,498,857</u>            |
| <b>Total Without Donor Restriction</b>   | <b>4,247,305</b>            | <b>4,360,976</b>            |
| With donor restriction   | <u>5,673,680</u>            | <u>5,566,945</u>            |
| <b>Total Net Assets</b>  | <b><u>9,920,985</u></b>     | <b><u>9,927,921</u></b>     |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b><u>\$ 13,168,365</u></b> | <b><u>\$ 13,920,881</u></b> |

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

**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(With Summarized Totals for 2018)**

|   | Without Donor<br>Restriction | With Donor<br>Restriction | Totals              |                     |
|---|------------------------------|---------------------------|---------------------|---------------------|
|   | 2019                         | 2018                      | 2019                | 2018                |
| <b>CAMPAIGN RESULTS</b>                                   |                              |                           |                     |                     |
| Annual Campaign   | \$ 7,969,484                 | \$ 1,598,345              | \$ 9,567,829        | \$ 10,554,508       |
| Less: Amounts raised on behalf of others                  | (3,498,141)                  | (1,531,079)               | (5,029,220)         | (5,650,560)         |
|   | <u>\$ 4,471,343</u>          | <u>\$ 67,266</u>          | <u>\$ 4,538,609</u> | <u>\$ 4,903,948</u> |
| <b>PUBLIC SUPPORT AND REVENUE</b>                         |                              |                           |                     |                     |
| Campaign Public Support:                                  |                              |                           |                     |                     |
| Annual campaign - undesignated                            | \$ 4,471,343                 | \$ 67,266                 | \$ 4,538,609        | \$ 4,903,948        |
| Contributions released from restriction                   | 395,389                      | (395,389)                 | -                   | -                   |
| Total Annual Campaign - Undesignated                      | 4,866,732                    | (328,123)                 | 4,538,609           | 4,903,948           |
| Less: Provision for uncollectible pledges                 | (400,000)                    | -                         | (400,000)           | (600,000)           |
| Total Campaign Public Support                             | 4,466,732                    | (328,123)                 | 4,138,609           | 4,303,948           |
| Grant revenue   | -                            | 4,356,270                 | 4,356,270           | 4,595,912           |
| Delaware 2-1-1 Program grants and contracts               | 495,352                      | -                         | 495,352             | 495,540             |
| Net assets released from restriction                      | 4,129,443                    | (4,129,443)               | -                   | -                   |
| Total Public Support                                      | <u>9,091,527</u>             | <u>(101,296)</u>          | <u>8,990,231</u>    | <u>9,395,400</u>    |
| Revenue:  |                              |                           |                     |                     |
| Administrative fees on amounts raised on behalf of others | 477,830                      | -                         | 477,830             | 557,497             |
| Miscellaneous revenue                                     | 363,012                      | -                         | 363,012             | 647,898             |
| Unemployment revenue                                      | 14,543                       | -                         | 14,543              | 165,781             |
| Total Revenue   | <u>855,385</u>               | <u>-</u>                  | <u>855,385</u>      | <u>1,371,176</u>    |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                   | <u>9,946,912</u>             | <u>(101,296)</u>          | <u>9,845,616</u>    | <u>10,766,576</u>   |
| <b>EXPENSES</b>   |                              |                           |                     |                     |
| Campaign operating costs                                  | 3,440,025                    | -                         | 3,440,025           | 3,252,195           |
| Program costs   | 6,698,302                    | -                         | 6,698,302           | 7,321,533           |
| <b>TOTAL EXPENSES</b>                                     | <u>10,138,327</u>            | <u>-</u>                  | <u>10,138,327</u>   | <u>10,573,728</u>   |
| <b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>     | <u>(191,415)</u>             | <u>(101,296)</u>          | <u>(292,711)</u>    | <u>192,848</u>      |

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**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(With Summarized Totals for 2018)**

|                               | Without Donor<br>Restriction | With Donor<br>Restriction | Totals              |
|-------------------------------|------------------------------|---------------------------|---------------------|
|                               | <u>2019</u>                  | <u>2018</u>               | <u>2018</u>         |
| NONOPERATING ACTIVITIES       |                              |                           |                     |
| Investment income             | 77,744                       | 208,031                   | 340,124             |
| Total Nonoperating Activities | <u>77,744</u>                | <u>208,031</u>            | <u>340,124</u>      |
| CHANGE IN NET ASSETS          | (113,671)                    | 106,735                   | 532,972             |
| NET ASSETS, BEGINNING OF YEAR | <u>4,360,976</u>             | <u>5,566,945</u>          | <u>9,394,949</u>    |
| NET ASSETS, END OF YEAR       | <u>\$ 4,247,305</u>          | <u>\$ 5,673,680</u>       | <u>\$ 9,927,921</u> |

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

**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(With Summarized Totals for 2018)**

|  | Campaign Operating Costs         |                                  |                       |                     | Total Campaign<br>Operating<br>Costs |
|--|----------------------------------|----------------------------------|-----------------------|---------------------|--------------------------------------|
|  | Fund Raising<br>and<br>Marketing | General<br>and<br>Administrative | Community<br>Services | Processing<br>Costs |                                      |
| <b>EXPENSES</b>                            |                                  |                                  |                       |                     |                                      |
| Salaries                                   | \$ 821,144                       | \$ 411,941                       | \$ 325,808            | \$ 229,556          | \$ 1,788,449                         |
| Employee health and retirement benefits    | 95,055                           | 50,630                           | 61,130                | 51,312              | 258,127                              |
| Payroll taxes                              | 59,118                           | 33,468                           | 23,139                | 16,418              | 132,143                              |
| Total Salaries and Related Expenses        | <u>975,317</u>                   | <u>496,039</u>                   | <u>410,077</u>        | <u>297,286</u>      | <u>2,178,719</u>                     |
| Bank and credit card fees                  | 264                              | 16,028                           | -                     | 24,558              | 40,850                               |
| Campaign expenses and publications         | 87,999                           | -                                | 1,458                 | -                   | 89,457                               |
| Depreciation                               | 53,000                           | 39,120                           | 25,238                | 8,833               | 126,191                              |
| Distributions to agencies                  | -                                | -                                | -                     | -                   | -                                    |
| Equipment rentals and repairs              | 99                               | 53,730                           | 9,157                 | 19,819              | 82,805                               |
| Fundraising events                         | 29,095                           | -                                | -                     | -                   | 29,095                               |
| In-kind                                    | -                                | -                                | -                     | -                   | -                                    |
| Membership and subscriptions               | 3,290                            | 145,188                          | -                     | -                   | 148,478                              |
| Occupancy                                  | 113,149                          | 71,172                           | 17,546                | 8,355               | 210,222                              |
| Postage and shipping                       | 3,685                            | 1,330                            | -                     | 454                 | 5,469                                |
| Professional service and contract payments | 94,000                           | 148,036                          | 36,736                | 46,875              | 325,647                              |
| Supplies                                   | 3,629                            | 12,919                           | 450                   | 111                 | 17,109                               |
| Technology charge                          | 28,742                           | 16,210                           | 6,539                 | 2,997               | 54,488                               |
| Telecommunications                         | -                                | 15,691                           | -                     | 15,691              | 31,382                               |
| Travel, training, and meetings             | 46,520                           | 19,924                           | 33,669                | -                   | 100,113                              |
| <b>TOTAL EXPENSES</b>                      | <u>\$ 1,438,789</u>              | <u>\$ 1,035,387</u>              | <u>\$ 540,870</u>     | <u>\$ 424,979</u>   | <u>\$ 3,440,025</u>                  |

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**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(With Summarized Totals for 2018)**

|  | Program Costs          |                                  |   |                   |                              | Total<br>Program<br>Costs | Totals               |                      |
|--|------------------------|----------------------------------|---|-------------------|------------------------------|---------------------------|----------------------|----------------------|
|  | Grade-Level<br>Reading | College and<br>Career<br>Success | Financial<br>Stability and<br>Empowerment | Other<br>Programs | Delaware<br>2-1-1<br>Program |                           | 2019                 | 2018                 |
| <b>EXPENSES</b>                            |                        |                                  |   |                   |                              |                           |                      |                      |
| Salaries                                   | \$ 122,769             | \$ 186,710                       | \$ 234,491                                | \$ -              | \$ 370,464                   | \$ 914,434                | \$ 2,702,883         | \$ 2,511,519         |
| Employee health and retirement benefits    | 8,411                  | 10,177                           | 1,689                                     | -                 | 88,141                       | 108,418                   | 366,545              | 363,257              |
| Payroll taxes                              | 5,117                  | 11,954                           | 16,857                                    | -                 | 27,038                       | 60,966                    | 193,109              | 176,666              |
| Total Salaries and Related Expenses        | <u>136,297</u>         | <u>208,841</u>                   | <u>253,037</u>                            | <u>-</u>          | <u>485,643</u>               | <u>1,063,818</u>          | <u>3,262,537</u>     | <u>3,051,442</u>     |
| Bank and credit card fees                  | -                      | -                                | -   | -                 | -                            | -                         | 40,850               | 42,020               |
| Campaign expenses and publications         | 11,552                 | 11,458                           | 68,079                                    | -                 | 19,144                       | 110,233                   | 199,690              | 261,898              |
| Depreciation                               | -                      | -                                | -   | -                 | 6,826                        | 6,826                     | 133,017              | 141,829              |
| Distributions to agencies                  | 257,769                | 1,061,776                        | 739,957                                   | 66,888            | -                            | 2,126,390                 | 2,126,390            | 2,645,317            |
| Equipment rentals and repairs              | -                      | -                                | -   | -                 | -                            | -                         | 82,805               | 87,440               |
| Fundraising events                         | -                      | -                                | -   | -                 | -                            | -                         | 29,095               | 29,285               |
| In-kind                                    | -                      | -                                | 379,532                                   | -                 | -                            | 379,532                   | 379,532              | 529,532              |
| Membership and subscriptions               | -                      | -                                | -   | -                 | 1,439                        | 1,439                     | 149,917              | 147,678              |
| Occupancy                                  | -                      | -                                | -   | -                 | -                            | -                         | 210,222              | 210,497              |
| Postage and shipping                       | -                      | -                                | -   | -                 | -                            | -                         | 5,469                | 7,675                |
| Professional service and contract payments | 604,617                | 109,286                          | 1,801,715                                 | 141,486           | 23,230                       | 2,680,334                 | 3,005,981            | 2,897,632            |
| Supplies                                   | 16,935                 | 505                              | 8,535                                     | 10,755            | 66,322                       | 103,052                   | 120,161              | 115,555              |
| Technology charge                          | -                      | -                                | 70,162                                    | -                 | 18,476                       | 88,638                    | 143,126              | 178,978              |
| Telecommunications                         | -                      | -                                | -   | -                 | -                            | -                         | 31,382               | 33,847               |
| Travel, training, and meetings             | 50,448                 | 32,121                           | 11,373                                    | 9,763             | 14,335                       | 118,040                   | 218,153              | 193,103              |
| <b>TOTAL EXPENSES</b>                      | <u>\$ 1,077,618</u>    | <u>\$ 1,423,987</u>              | <u>\$ 3,332,390</u>                       | <u>\$ 228,892</u> | <u>\$ 635,415</u>            | <u>\$ 6,698,302</u>       | <u>\$ 10,138,327</u> | <u>\$ 10,573,728</u> |

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

**UNITED WAY OF DELAWARE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

|   | <u>2019</u>                | <u>2018</u>                |
|---|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                            |                            |
| Change in net assets  | \$ (6,936)                 | \$ 532,972                 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                            |                            |
| Depreciation  | 133,017                    | 141,829                    |
| Net unrealized and realized gains on investments  | (181,258)                  | (227,355)                  |
| (Increase) Decrease in net pledges receivables  | (1,062,076)                | 10,068                     |
| Decrease in other assets  | 21,750                     | 232,496                    |
| Decrease in allocations payable to agencies   | (820,939)                  | (629,003)                  |
| Decrease in refundable advance  | -                          | (250,000)                  |
| Increase (Decrease) in accounts payable and accrued expenses                            | 75,359                     | (20,703)                   |
| NET CASH USED BY OPERATING ACTIVITIES   | <u>(1,841,083)</u>         | <u>(209,696)</u>           |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                            |                            |
| Purchase of equipment   | (39,303)                   | (15,935)                   |
| Purchase of investments   | (262,172)                  | (435,277)                  |
| Proceeds from sales of investments  | 811,585                    | 804,302                    |
| NET CASH PROVIDED BY INVESTING ACTIVITIES   | <u>510,110</u>             | <u>353,090</u>             |
| NET CHANGE IN CASH AND CASH EQUIVALENTS   | (1,330,973)                | 143,394                    |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR  | <u>4,131,808</u>           | <u>3,988,414</u>           |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | <u><u>\$ 2,800,835</u></u> | <u><u>\$ 4,131,808</u></u> |
| SUPPLEMENTAL INFORMATION:   |                            |                            |
| Interest paid   | <u>\$ -</u>                | <u>\$ -</u>                |
| Income taxes paid   | <u>\$ -</u>                | <u>\$ -</u>                |

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

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

United Way of Delaware, Inc. and Subsidiary (“the Organization”) is dedicated to improving the quality of life in the State of Delaware by mobilizing society’s capacity to care. A not-for-profit organization, the Organization is a unique partnership that involves donors ranging from staff, volunteers, social service agencies, businesses, government, other nonprofits, and concerned individuals to achieve results that matter and to make a lasting impact on the quality of life in its community.

The Organization is responsible to its member and affiliate agencies and, as such, engages in a fall fund raising campaign to raise funds for member agencies, as well as other 501(c)(3) health and human service agencies. The Organization focuses community attention on the most critical human needs in Delaware, as well as addressing both the symptoms and the root causes of Delaware’s most plaguing issues.

The Organization is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic and other conditions. In addition, the choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available to fund programs. A decrease in undesignated contributions could adversely affect the Organization’s ability to provide services and to allocate funds to its member agencies.

In addition to its fund raising efforts, the Organization coordinates and administers the public sector campaign for state government (SECC) and provides direct services to the community through the efforts of organized labor, including services and fund raising coordinated by the labor locals. The Organization also administers an unemployment insurance fund on behalf of several member agencies.

Delaware Helpline, Inc.’s by-laws and certificate of incorporation document that United Way of Delaware, Inc. is its sole corporate member with a majority voting interest, thereby giving United Way of Delaware, Inc. a controlling financial interest. In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) related to consolidations of not-for-profit organizations, the financial statements of Delaware Helpline, Inc. have been consolidated with the financial statements of United Way of Delaware, Inc.

Delaware Helpline, Inc. is a not-for-profit agency which provides a statewide, toll-free comprehensive information and referral service. It is dedicated to assisting people in need of human services by informing them of available public, private, and voluntary programs and providing assistance services to resolve those problems. It maintains a database on current health service information in Delaware.

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements of Delaware Helpline, Inc. are consolidated with the financial statements of United Way of Delaware, Inc. Interorganizational transactions and balances have been eliminated in consolidation.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the section of the FASB ASC related to financial statements of not-for-profit organizations. Under the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. In addition, the Organization is required to present a statement of cash flows.

Contributions

Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Amounts Raised on Behalf of Others

Donor organizations and individuals participating in such entities' United Way Campaigns may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the total campaign effort and are then deducted as amounts raised on behalf of others to arrive at the public support revenue available to the organization for use in supporting its programs. Amounts deducted are carried as liabilities until paid to the designated charitable organizations. Fund raising and processing (administrative) fees of up to 12½ percent of amounts designated are recorded as revenue upon collection and prior to remittance to the designated charities. The Organization honors all donor designations to 501(c)(3) and qualified 501(c)(4) agencies in the United States of America in good standing with the IRS. Amounts raised on behalf of others for each of the annual campaigns for the years ended June 30, 2019 and 2018 were \$5,029,220 and \$5,650,560, respectively.

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Organization reports campaign results which are transferred to a not-for-profit organization specified by the donor in accordance with the FASB ASC section regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges Receivable

Allowances for uncollectible pledges are reviewed and estimated by management annually. As of June 30 of each fiscal year, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior campaign that have not been realized are determined to be uncollectible and are written off.

Building and Equipment

Building and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets. The Organization uses a capitalization threshold of \$1,000. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. The following is a schedule of the estimated useful lives:

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

|                                    |              |
|------------------------------------|--------------|
| Equipment, furniture, and fixtures | 3 - 7 years  |
| Building                           | 40 years     |
| Improvements                       | 4 - 20 years |

Investments

Investments are reported at fair value.

Allocation of Functional Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Whenever possible, costs are directly assigned to the campaign operating costs and program functions using the direct identification method based on the nature of the expense. Accordingly, certain costs such as salaries and wages, payroll taxes, and employee benefits have been allocated among the functions utilizing the time study methodology. Depreciation expense has been allocated based on the historical usage pattern of the underlying assets.

Use of Estimates in the Preparation of Financial Statements

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

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Implementation of FASB ASU 2016-14

During the year ended June 30, 2019, the Organization implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to the Organization's financial reporting. Net assets are now categorized in two categories; net assets with donor

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

restriction and net assets without donor restriction. Investment income is now reported net of direct investment expenses, both on the face of the financial statements and in the notes to the financial statements. The Organization has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each balance sheet date.

This accounting guidance has been implemented retrospectively; however, the implementation of this guidance did not require restatement of prior accounting period balances.

NOTE 3 PLEDGES RECEIVABLE

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Pledges receivable related to current campaign        | \$ 4,998,055        | \$ 4,125,343        |
| Pledges receivable - State Employee Combined Campaign | 121,132             | 131,768             |
| Allowance for uncollectible pledges                   | <u>(400,000)</u>    | <u>(600,000)</u>    |
| Total Pledges Receivable, Net                         | <u>\$ 4,719,187</u> | <u>\$ 3,657,111</u> |

For the years ended June 30, 2019 and 2018, the Organization received pledges of \$265,520 and \$497,074, respectively, from prior year campaigns that were previously written off.

NOTE 4 INVESTMENTS

Investment portfolios consist of the following:

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Delaware Community Foundation Investment Pool | \$ 1,765,868        | \$ 1,792,876        |
| Real estate investment trusts                 | -                   | 32,814              |
| Equities                                      | 1,608,967           | 1,742,035           |
| Money market funds                            | 26,901              | 284,531             |
| Fixed income                                  | <u>1,020,200</u>    | <u>937,835</u>      |
|   | <u>\$ 4,421,936</u> | <u>\$ 4,790,091</u> |

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

Investment income consists of the following:

|                                     | <u>2019</u>       | <u>2018</u>       |
|-------------------------------------|-------------------|-------------------|
| Dividends and interest, net of fees | \$ 104,517        | \$ 112,769        |
| Net unrealized and realized gains   | <u>181,258</u>    | <u>227,355</u>    |
|                                     | <u>\$ 285,775</u> | <u>\$ 340,124</u> |

NOTE 5 BUILDING AND EQUIPMENT

Building and equipment consisted of the following as of June 30, 2019 and 2018:

|                                    | <u>2019</u>        | <u>2018</u>         |
|------------------------------------|--------------------|---------------------|
| Building and improvements          | \$ 3,548,917       | \$ 3,535,550        |
| Equipment, furniture, and fixtures | <u>816,791</u>     | <u>790,855</u>      |
|                                    | 4,365,708          | 4,326,405           |
| Less: Accumulated depreciation     | <u>(3,423,120)</u> | <u>(3,290,103)</u>  |
|                                    | <u>\$ 942,588</u>  | <u>\$ 1,036,302</u> |

NOTE 6 RETIREMENT PLAN

Effective July 1, 2010, the Organization instituted a 403(b) defined contribution pension plan available to all employees. The plan provides for voluntary contributions by employees that are matched by the Organization at fifty cents on the dollar up to six percent of base salary. In addition, the plan allows the Organization to make a discretionary contribution annually at the end of the plan year. Such contribution is calculated as a percent of the employee's annual base salary earned during the plan period July 1 - June 30. The Organization made contributions to the plan of \$127,340 and \$108,139 for the years ended June 30, 2019 and 2018, respectively. Employee contributions to the plan immediately vest to the employee. Employer contributions to the plan vest to the employee over a six-year period.

NOTE 7 DONATED SERVICES AND MATERIALS

Contributed services are not recognized as revenue unless the services received create or enhance the value of a nonfinancial asset, or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased and not donated. No amounts were recognized in 2019 or 2018.



UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 UNEMPLOYMENT INSURANCE

The Organization administers an unemployment insurance fund on behalf of several of its member agencies. The agencies make contributions to the fund and, in turn, unemployment expenses are paid by the fund. For the years ended June 30, 2019 and 2018, contributions to the unemployment fund totaled \$14,453 and \$165,781, respectively. Claims and advisory fees for the years ended June 30, 2019 and 2018 totaled \$121,705 and \$167,580, respectively.

NOTE 9 BOARD-DESIGNATED NET ASSETS

As of June 30, 2019 and 2018, a portion of net assets without donor restriction has been designated by the Board of Directors for the following purposes:

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Land, building, and equipment (see Note 5) | \$ 942,588          | \$ 1,036,302        |
| Endowment (see Note 10)                    | 1,765,867           | 1,792,876           |
| Other Board-designated                     | <u>669,679</u>      | <u>669,679</u>      |
|  | <u>\$ 3,378,134</u> | <u>\$ 3,498,857</u> |

NOTE 10 BOARD-DESIGNATED ENDOWMENT FUND

The Board of Directors established a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restriction.

The administration of the endowment fund is overseen by the Delaware Community Foundation as approved by the Finance Committee.

Spending Policy

In order to meet the intended purpose of the endowment fund to fund community needs over time, an amount equal to five percent of the average balance of the last four quarters of the endowment fund shall be withdrawn in the first quarter of each calendar year. For this calculation, the endowment fund balance will be measured at the end of March, June, September, and December.

Strategy Employed for Achieving Objectives

Per the Organization's investment policy, the assets of the endowment fund shall be invested in a manner intended to maximize the total return of the fund over the long term. The assets

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 BOARD-DESIGNATED ENDOWMENT FUND (cont'd)

shall be broadly diversified, with the assets divided among asset classes within the following ranges:

|                  |           |
|------------------|-----------|
| Equities         | 40% - 75% |
| Fixed income     | 20% - 50% |
| Cash equivalents | 0% - 20%  |

Non-U.S. investments can comprise up to 25 percent of the total assets of the endowment fund.

The Investment Committee is charged with the responsibility of reviewing the endowment fund on an annual basis. This includes asset allocation, fund selection, investment performance, and adherence to policy limits.

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Endowment net assets, beginning of year | \$ 1,792,876        | \$ 1,781,434        |
| Investment income                       | 33,852              | 34,540              |
| Net appreciation                        | 42,099              | 80,195              |
| Amount appropriated for expense         | (14,380)            | (14,141)            |
| Distributions                           | <u>(88,580)</u>     | <u>(89,152)</u>     |
| Endowment net assets, end of year       | <u>\$ 1,765,867</u> | <u>\$ 1,792,876</u> |

NOTE 11 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are restricted for the following purposes as of June 30, 2019 and 2018:

|                      | <u>2019</u>         | <u>2018</u>         |
|----------------------|---------------------|---------------------|
| Time restrictions    | \$ 2,900            | \$ 196,185          |
| Program restrictions | <u>5,670,780</u>    | <u>5,370,760</u>    |
|                      | <u>\$ 5,673,680</u> | <u>\$ 5,566,945</u> |

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 NET ASSETS WITH DONOR RESTRICTION (cont'd)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors as of June 30, 2019 and 2018:

|                              | <u>2019</u>         | <u>2018</u>         |
|------------------------------|---------------------|---------------------|
| Passage of time restrictions | <u>\$ 395,389</u>   | <u>\$ 347,673</u>   |
| Program restrictions         | <u>\$ 4,129,443</u> | <u>\$ 4,086,963</u> |

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in three commercial banks located in Wilmington, Delaware which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. In addition, the Organization invests in repurchase agreements which are collateralized by investments in securities which are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. government or an agency thereof. The Organization has not experienced any losses in such accounts.

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

In accordance with the FASB ASC section regarding fair value measurements, a fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 is based on observable market factors not included in Level 1; and Level 3 is based on unobservable inputs such as those that are internally developed. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 FAIR VALUE MEASUREMENTS (cont'd)

| <u>June 30, 2019</u>                             | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>      |
|--|---------------------|---------------------|---------------------|
| Fixed income                                     | \$ 1,020,200        | \$ 1,020,200        | \$ -                |
| Equities   | 1,608,968           | 1,608,968           | -                   |
| Money market funds                               | 26,901              | 26,901              | -                   |
| Delaware Community Foundation<br>Investment Pool | <u>1,765,867</u>    | <u>-</u>            | <u>1,765,867</u>    |
| Total  | <u>\$ 4,421,936</u> | <u>\$ 2,656,069</u> | <u>\$ 1,765,867</u> |
| <br>   |                     |                     |                     |
| <u>June 30, 2018</u>                             | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>      |
| Fixed income                                     | \$ 937,835          | \$ 937,835          | \$ -                |
| Equities   | 1,742,035           | 1,742,035           | -                   |
| Money market funds                               | 284,531             | 284,531             | -                   |
| Real estate investment trusts                    | 32,814              | 32,814              | -                   |
| Delaware Community Foundation<br>Investment Pool | <u>1,792,876</u>    | <u>-</u>            | <u>1,792,876</u>    |
| Total  | <u>\$ 4,790,091</u> | <u>\$ 2,997,215</u> | <u>\$ 1,792,876</u> |

***Level 2 Fair Value Measurements***

The fair value of the investments with the Delaware Community Foundation are determined based on observable market factors not included in Level 1, such as quoted market prices for similar assets or liabilities in an active or non-active market. The Organization's portion of the investment pool is valued by the Delaware Community Foundation on a monthly basis. The investments in the pool are actively traded and valued using quoted market prices. However, since the investments are pooled funds, they are designated as Level 2 investments.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents, pledge receivables, and investments.

The following reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-

UNITED WAY OF DELAWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside by the Board that could be drawn upon if the governing board decides to approve such action.

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| Financial assets, at year end   | \$11,941,958        | \$12,579,010        |
| Less unavailable for general expenses<br>within one year due to:                      |                     |                     |
| Purpose restrictions  | 5,670,780           | 5,370,760           |
| Time restrictions   | 2,900               | 196,185             |
| Board designations  | <u>2,435,546</u>    | <u>2,462,555</u>    |
| Financial assets available to meet cash needs<br>for general expenses within one year | <u>\$ 3,832,732</u> | <u>\$ 4,549,510</u> |

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through January 7, 2020, the date the financial statements were available to be issued.

**UNITED WAY OF DELAWARE, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

|   | United Way of<br>Delaware, Inc. | Delaware<br>Helpline, Inc. | Eliminations      | Consolidated<br>Totals |
|---|---------------------------------|----------------------------|-------------------|------------------------|
| <b>ASSETS</b>   |                                 |                            |                   |                        |
| Cash and cash equivalents   | \$ 2,583,058                    | \$ 217,777                 | -                 | \$ 2,800,835           |
| Pledges receivable, net   | 4,719,187                       | -                          | -                 | 4,719,187              |
| Investments, at fair value  | 4,421,936                       | -                          | -                 | 4,421,936              |
| Building and equipment, net of<br>accumulated depreciation                        | 936,230                         | 6,358                      | -                 | 942,588                |
| Other assets  | 208,623                         | 84,063                     | (8,867)           | 283,819                |
| <b>TOTAL ASSETS</b>   | <u>\$ 12,869,034</u>            | <u>\$ 308,198</u>          | <u>\$ (8,867)</u> | <u>\$ 13,168,365</u>   |
| <b>LIABILITIES AND NET ASSETS</b>   |                                 |                            |                   |                        |
| <b>LIABILITIES:</b>   |                                 |                            |                   |                        |
| Distributions payable to agencies, including<br>donor designations of \$1,768,098 | \$ 2,762,544                    | -                          | -                 | \$ 2,762,544           |
| Accounts payable and accrued expenses   | 457,070                         | 36,633                     | (8,867)           | 484,836                |
| Total Liabilities   | <u>3,219,614</u>                | <u>36,633</u>              | <u>(8,867)</u>    | <u>3,247,380</u>       |
| <b>NET ASSETS:</b>  |                                 |                            |                   |                        |
| Without donor restriction:  |                                 |                            |                   |                        |
| Undesignated  | 603,964                         | 265,207                    | -                 | 869,171                |
| Designated  | 3,371,776                       | 6,358                      | -                 | 3,378,134              |
| Total Without Donor Restriction   | 3,975,740                       | 271,565                    | -                 | 4,247,305              |
| With donor restriction  | 5,673,680                       | -                          | -                 | 5,673,680              |
| Total Net Assets  | <u>9,649,420</u>                | <u>271,565</u>             | <u>-</u>          | <u>9,920,985</u>       |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <u>\$ 12,869,034</u>            | <u>\$ 308,198</u>          | <u>\$ (8,867)</u> | <u>\$ 13,168,365</u>   |

**UNITED WAY OF DELAWARE, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | United Way of Delaware, Inc.<br>Without Donor<br>Restriction | With Donor<br>Restriction | Delaware<br>Helpline, Inc.<br>Without Donor<br>Restriction | Eliminations     | Consolidated<br>Totals |
|---|--|---------------------------|--|------------------|------------------------|
| <b>CAMPAIGN RESULTS</b>                                   |  |                           |  |                  |                        |
| Annual Campaign   | \$ 7,969,484   | \$ 1,598,345              | -  | -                | \$ 9,567,829           |
| Less: Amounts raised on behalf of others                  | (3,498,141)  | (1,531,079)               | -  | -                | (5,029,220)            |
|   | <u>\$ 4,471,343</u>  | <u>\$ 67,266</u>          | <u>-</u>   | <u>-</u>         | <u>\$ 4,538,609</u>    |
| <b>PUBLIC SUPPORT AND REVENUE</b>                         |  |                           |  |                  |                        |
| Campaign Public Support:                                  |  |                           |  |                  |                        |
| Annual campaign - undesignated                            | \$ 4,471,343   | \$ 67,266                 | -  | -                | \$ 4,538,609           |
| Contributions released from restriction                   | 395,389  | (395,389)                 | -  | -                | -                      |
| Total Undesignated Annual Campaign                        | 4,866,732  | (328,123)                 | -  | -                | 4,538,609              |
| Less: Provision for uncollectible pledges                 | (400,000)  | -                         | -  | -                | (400,000)              |
| Total Campaign Public Support                             | 4,466,732  | (328,123)                 | -  | -                | 4,138,609              |
| Grant revenue   | -  | 4,356,270                 | -  | -                | 4,356,270              |
| Delaware 2-1-1 Program grants and contracts               | -  | -                         | 600,782  | (105,430)        | 495,352                |
| Net assets released from restriction                      | 4,129,443  | (4,129,443)               | -  | -                | -                      |
| Total Public Support                                      | 8,596,175  | (101,296)                 | 600,782  | (105,430)        | 8,990,231              |
| Revenue:  |  |                           |  |                  |                        |
| Administrative fees on amounts raised on behalf of others | 477,830  | -                         | -  | -                | 477,830                |
| Miscellaneous revenue                                     | 363,012  | -                         | -  | -                | 363,012                |
| Unemployment revenue                                      | 14,543   | -                         | -  | -                | 14,543                 |
| Total Revenue   | 855,385  | -                         | -  | -                | 855,385                |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                   | <u>9,451,560</u>   | <u>(101,296)</u>          | <u>600,782</u>   | <u>(105,430)</u> | <u>9,845,616</u>       |
| <b>EXPENSES</b>   |  |                           |  |                  |                        |
| Campaign operating costs                                  | 3,440,025  | -                         | -  | -                | 3,440,025              |
| Program costs   | 6,168,317  | -                         | 635,415  | (105,430)        | 6,698,302              |
| <b>TOTAL EXPENSES</b>                                     | <u>9,608,342</u>   | <u>-</u>                  | <u>635,415</u>   | <u>(105,430)</u> | <u>10,138,327</u>      |
| <b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>     | <u>(156,782)</u>   | <u>(101,296)</u>          | <u>(34,633)</u>  | <u>-</u>         | <u>(292,711)</u>       |

(Continued on next page.)

**UNITED WAY OF DELAWARE, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|                               | <u>United Way of Delaware, Inc.<br/>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Delaware<br/>Helpline, Inc.<br/>Without Donor<br/>Restriction</u> | <u>Eliminations</u> | <u>Consolidated<br/>Totals</u> |
|-------------------------------|---|-----------------------------------|--|---------------------|--------------------------------|
| NONOPERATING ACTIVITIES       |   |                                   |  |                     |                                |
| Investment income             | 77,744  | 208,031                           | -  | -                   | 285,775                        |
| Total Nonoperating Activities | <u>77,744</u>   | <u>208,031</u>                    | <u>-</u>   | <u>-</u>            | <u>285,775</u>                 |
| CHANGE IN NET ASSETS          | (79,038)  | 106,735                           | (34,633)   | -                   | (6,936)                        |
| NET ASSETS, BEGINNING OF YEAR | <u>4,054,778</u>  | <u>5,566,945</u>                  | <u>306,198</u>   | <u>-</u>            | <u>9,927,921</u>               |
| NET ASSETS, END OF YEAR       | <u>\$ 3,975,740</u>   | <u>\$ 5,673,680</u>               | <u>\$ 271,565</u>  | <u>\$ -</u>         | <u>\$ 9,920,985</u>            |



**UNITED WAY OF DELAWARE, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | United Way of<br>Delaware, Inc. | Delaware<br>Helpline, Inc. | Eliminations | Consolidated<br>Totals |
|---|---------------------------------|----------------------------|--------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                 |                            |              |                        |
| Change in net assets  | \$ 27,697                       | \$ (34,633)                | \$ -         | \$ (6,936)             |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                                 |                            |              |                        |
| Depreciation  | 126,191                         | 6,826                      | -            | 133,017                |
| Net unrealized and realized gains on investments  | (181,258)                       | -                          | -            | (181,258)              |
| Increase in net pledges receivable  | (1,062,076)                     | -                          | -            | (1,062,076)            |
| Decrease (Increase) in other assets   | 49,789                          | (19,706)                   | (8,333)      | 21,750                 |
| Decrease in allocations payable to agencies   | (820,939)                       | -                          | -            | (820,939)              |
| Increase in accounts payable and accrued expenses                                       | 57,956                          | 9,070                      | 8,333        | 75,359                 |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>  | <u>(1,802,640)</u>              | <u>(38,443)</u>            | <u>-</u>     | <u>(1,841,083)</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                 |                            |              |                        |
| Purchase of equipment   | (38,054)                        | (1,249)                    | -            | (39,303)               |
| Purchase of investments   | (262,172)                       | -                          | -            | (262,172)              |
| Proceeds from sales of investments  | 811,585                         | -                          | -            | 811,585                |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                                 | <u>511,359</u>                  | <u>(1,249)</u>             | <u>-</u>     | <u>510,110</u>         |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | (1,291,281)                     | (39,692)                   | -            | (1,330,973)            |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                     | 3,874,339                       | 257,469                    | -            | 4,131,808              |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 2,583,058</u>             | <u>\$ 217,777</u>          | <u>\$ -</u>  | <u>\$ 2,800,835</u>    |
| <b>SUPPLEMENTAL INFORMATION:</b>  |                                 |                            |              |                        |
| Interest paid   | \$ -                            | \$ -                       | \$ -         | \$ -                   |
| Income taxes paid   | \$ -                            | \$ -                       | \$ -         | \$ -                   |