

United Way of Central Illinois, Inc.

Financial Report
December 31, 2016

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Independent Auditor's Report

RSM US LLP

To the Board of Directors
United Way of Central Illinois, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Illinois, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 Responsibility 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.

Opinion

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

RSM US LLP

Chicago, Illinois
November 14, 2017

United Way of Central Illinois, Inc.

Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 698,124	\$ 601,234
Contributions receivable, less allowance for uncollectible pledges 2016 \$140,908; 2015 \$203,563	961,052	1,328,509
Prepaid expenses	18,747	28,757
Investments	5,794,203	5,694,802
Property and equipment, net	92,447	96,939
Beneficial interest in perpetual trusts	197,582	196,485
Funds held for others	51,429	52,215
	<hr/>	<hr/>
Total assets	\$ 7,813,584	\$ 7,998,941
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 16,010	\$ 35,060
Accrued expenses	39,854	37,000
Allocations payable	722,521	801,513
Designations payable	408,497	441,844
Funds held for others	51,429	52,215
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Total liabilities	1,238,311	1,367,632
Commitments (Note 7)		
Net assets:		
Unrestricted:		
Designated for emergencies	56,948	58,414
Designated for equipment replacement	28,937	28,937
Designated for Dolly Parton Imagination Library	32,681	20,339
Designated for Continuum of Learning Fund	59,125	59,125
Designated for Needs Assessment Fund	15,000	15,000
Designated for Venture Fund	32,214	15,635
Undesignated	4,942,982	4,807,283
	<hr/>	<hr/>
Total unrestricted	5,167,887	5,004,733
Temporarily restricted	1,209,804	1,430,091
Permanently restricted	197,582	196,485
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Total net assets	6,575,273	6,631,309
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Total liabilities and net assets	\$ 7,813,584	\$ 7,998,941

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Gross campaign results (2015/2016)	\$ 707,550	\$ -	\$ -	\$ 707,550
Gross campaign results in prior year - released from restriction	1,908,702	(1,908,702)	-	-
Less donor designations	(510,898)	402,848	-	(108,050)
(Provision for) recovery of uncollectible	(1,546)	81,628	-	80,082
Total campaign results (2015/2016)	2,103,808	(1,424,226)	-	679,582
Gross campaign results (2016/2017)	-	1,593,819	-	1,593,819
Less donor designations	-	(314,271)	-	(314,271)
Less provision for uncollectible	-	(75,609)	-	(75,609)
Net campaign revenue (2016/2017)	-	1,203,939	-	1,203,939
Investment income:				
Unrealized and realized gains on investments	307,517	-	-	307,517
Interest and dividends, net of fees	126,227	-	-	126,227
Change in beneficial interest in perpetual trusts	-	-	1,097	1,097
Total investment income	433,744	-	1,097	434,841
Administrative fees	17,803	-	-	17,803
Miscellaneous income	71,283	-	-	71,283
	522,830	-	1,097	523,927
Total public support and revenue	2,626,638	(220,287)	1,097	2,407,448
Expenses:				
Program services:				
Gross funds allocated to human service agencies, venture grants and community support	2,011,151	-	-	2,011,151
Less donor designations	(374,368)	-	-	(374,368)
Net funds allocated to human service agencies	1,636,783	-	-	1,636,783
Community impact/fund distribution	355,475	-	-	355,475
Total program services	1,992,258	-	-	1,992,258
Supporting services:				
Fund raising	196,454	-	-	196,454
Marketing and communications	35,303	-	-	35,303
Finance and administration	239,469	-	-	239,469
Total supporting services	471,226	-	-	471,226
Total expenses	2,463,484	-	-	2,463,484
Change in net assets	163,154	(220,287)	1,097	(56,036)
Net Assets:				
Beginning	5,004,733	1,430,091	196,485	6,631,309
Ending	\$ 5,167,887	\$ 1,209,804	\$ 197,582	\$ 6,575,273

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Gross campaign results (2014/2015)	\$ 835,955	\$ -	\$ -	\$ 835,955
Gross campaign results in prior year - released from restriction	1,991,636	(1,991,636)	-	-
Less donor designations	(612,145)	339,153	-	(272,992)
Recovery of uncollectible	58,298	88,044	-	146,342
Total campaign results (2014/2015)	2,273,744	(1,564,439)	-	709,305
Gross campaign results (2015/2016)	-	1,908,702	-	1,908,702
Less donor designations	-	(402,848)	-	(402,848)
Less provision for uncollectible	-	(81,628)	-	(81,628)
Net campaign revenue (2015/2016)	-	1,424,226	-	1,424,226
Investment income:				
Unrealized and realized losses on investments	(113,097)	-	-	(113,097)
Interest and dividends, net of fees	136,769	-	-	136,769
Change in beneficial interest in perpetual trusts	-	-	(26,061)	(26,061)
Total investment income	23,672	-	(26,061)	(2,389)
Release of beneficial interest in perpetual trust	165,612	-	(165,612)	-
Administrative fees	32,339	-	-	32,339
Miscellaneous income	167,822	-	-	167,822
	389,445	-	(191,673)	197,772
Total public support and revenue	2,663,189	(140,213)	(191,673)	2,331,303
Expenses:				
Program services:				
Gross funds allocated to human service agencies, venture grants and community support	2,221,565	-	-	2,221,565
Less donor designations	(446,158)	-	-	(446,158)
Net funds allocated to human service agencies	1,775,407	-	-	1,775,407
Community impact/fund distribution	340,861	-	-	340,861
Total program services	2,116,268	-	-	2,116,268
Supporting services:				
Fund raising	213,430	-	-	213,430
Marketing and communications	61,740	-	-	61,740
Finance and administration	279,309	-	-	279,309
Total supporting services	554,479	-	-	554,479
Total expenses	2,670,747	-	-	2,670,747
Change in net assets	(7,558)	(140,213)	(191,673)	(339,444)
Net Assets:				
Beginning	5,012,291	1,570,304	388,158	6,970,753
Ending	\$ 5,004,733	\$ 1,430,091	\$ 196,485	\$ 6,631,309

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services			Other Functional Expenses (or Supporting Services)				Total
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	
Salaries	\$ -	\$ 176,496	\$ 176,496	\$ 96,319	\$ 29,213	\$ 69,072	\$ 194,604	\$ 371,100
Payroll taxes	-	4,785	4,785	6,945	4,201	11,837	22,983	27,768
Employee benefits	-	13,629	13,629	25,691	709	38,799	65,199	78,828
Personnel search	-	-	-	-	-	7,544	7,544	7,544
	-	194,910	194,910	128,955	34,123	127,252	290,330	485,240
Professional fees	-	57,679	57,679	10,037	-	50,805	60,842	118,521
Office supplies	-	1,655	1,655	752	-	677	1,429	3,084
SECA budget	-	-	-	1,437	-	-	1,437	1,437
Telephone	-	2,541	2,541	1,078	-	649	1,727	4,268
Postage	-	1,718	1,718	779	-	695	1,474	3,192
Occupancy	-	29,028	29,028	12,876	-	8,783	21,659	50,687
Occupancy maintenance and real estate taxes	-	18,087	18,087	8,000	-	5,533	13,533	31,620
Equipment maintenance	-	1,222	1,222	541	-	374	915	2,137
Subscriptions	-	627	627	277	-	215	492	1,119
Marketing and advertising	-	19,059	19,059	3,135	-	49	3,184	22,243
Travel	-	453	453	780	204	925	1,909	2,362
Meetings	-	778	778	187	15	977	1,179	1,957
Annual meeting	-	8,648	8,648	-	-	108	108	8,756
Conference and trainings	-	3,232	3,232	1,449	961	1,089	3,499	6,731
Campaign supplies/printing	-	803	803	13,820	-	-	13,820	14,623
Special events	-	11,263	11,263	9,390	-	-	9,390	20,653
Award supplies	-	-	-	759	-	322	1,081	1,081
Local organization dues	-	243	243	188	-	609	797	1,040
State and national dues	-	-	-	-	-	1,910	1,910	1,910
United Way Worldwide dues	-	-	-	-	-	29,967	29,967	29,967
Insurance expense	-	388	388	172	-	5,934	6,106	6,494
Bank and filing fees	-	895	895	494	-	1,698	2,192	3,087
	-	158,319	158,319	66,151	1,180	111,319	178,650	336,969
Depreciation expense	-	2,246	2,246	1,348	-	898	2,246	4,492
Total operations	-	355,475	355,475	196,454	35,303	239,469	471,226	826,701
Allocations to agencies, venture grants and community support	2,011,151	-	2,011,151	-	-	-	-	2,011,151
Less donor designations	(374,368)	-	(374,368)	-	-	-	-	(374,368)
Net funds allocated	1,636,783	-	1,636,783	-	-	-	-	1,636,783
Total expenses	\$ 1,636,783	\$ 355,475	\$ 1,992,258	\$ 196,454	\$ 35,303	\$ 239,469	\$ 471,226	\$ 2,463,484

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services			Other Functional Expenses (or Supporting Services)				Total
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	
Salaries	\$ -	\$ 155,540	\$ 155,540	\$ 91,238	\$ 55,687	\$ 63,728	\$ 210,653	\$ 366,193
Payroll taxes	-	13,303	13,303	8,068	4,306	6,149	18,523	31,826
Employee benefits	-	40,690	40,690	25,708	379	17,038	43,125	83,815
Personnel search	-	1,229	1,229	2,867	-	3,975	6,842	8,071
	-	210,762	210,762	127,881	60,372	90,890	279,143	489,905
Professional fees	-	25,714	25,714	9,128	-	118,834	127,962	153,676
Office supplies	-	1,583	1,583	882	-	1,186	2,068	3,651
SECA budget	-	-	-	-	-	9,125	9,125	9,125
Telephone	-	1,417	1,417	850	-	567	1,417	2,834
Postage	-	2,070	2,070	1,374	-	872	2,246	4,316
Printing	-	-	-	51	-	-	51	51
Occupancy	-	33,213	33,213	19,928	-	13,285	33,213	66,426
Occupancy maintenance and real estate taxes	-	14,051	14,051	8,431	-	5,620	14,051	28,102
Equipment maintenance	-	1,032	1,032	619	-	413	1,032	2,064
Subscriptions	-	18	18	4	-	54	58	76
Marketing and advertising	-	18,983	18,983	8,645	50	-	8,695	27,678
Travel	-	337	337	1,084	922	1,246	3,252	3,589
Meetings	-	626	626	448	90	957	1,495	2,121
Annual meeting	-	10,017	10,017	-	-	-	-	10,017
Conference and trainings	-	2,377	2,377	2,688	306	1,986	4,980	7,357
Campaign supplies/printing	-	-	-	12,635	-	-	12,635	12,635
Special events	-	4,492	4,492	13,353	-	-	13,353	17,845
Award supplies	-	444	444	366	-	-	366	810
Local organization dues	-	476	476	812	-	265	1,077	1,553
State and national dues	-	-	-	-	-	2,300	2,300	2,300
United Way Worldwide dues	-	-	-	-	-	25,143	25,143	25,143
Insurance expense	-	1,792	1,792	1,075	-	923	1,998	3,790
Bank and filing fees	-	2,052	2,052	1,132	-	3,891	5,023	7,075
Equipment purchases	-	7,069	7,069	642	-	818	1,460	8,529
	-	127,763	127,763	84,147	1,368	187,485	273,000	400,763
Depreciation expense	-	2,336	2,336	1,402	-	934	2,336	4,672
Total operations	-	340,861	340,861	213,430	61,740	279,309	554,479	895,340
Allocations to agencies, venture grants and community support	2,221,565	-	2,221,565	-	-	-	-	2,221,565
Less donor designations	(446,158)	-	(446,158)	-	-	-	-	(446,158)
Net funds allocated	1,775,407	-	1,775,407	-	-	-	-	1,775,407
Total expenses	\$ 1,775,407	\$ 340,861	\$ 2,116,268	\$ 213,430	\$ 61,740	\$ 279,309	\$ 554,479	\$ 2,670,747

See notes to financial statements.

United Way of Central Illinois, Inc.

Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (56,036)	\$ (339,444)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,492	4,672
Net realized/unrealized (gains) losses on investments	(307,517)	113,097
Recoveries of uncollectible pledges	(4,473)	(64,714)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	371,930	224,409
Other receivables and prepaid expenses	10,010	(2,035)
Beneficial interest in perpetual trusts	(1,097)	26,061
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,196)	(9,384)
Allocations payable	(78,992)	(3,910)
Designations payable	(33,347)	(190,364)
Net cash used in operating activities	(111,226)	(241,612)
Cash flows from investing activities:		
Proceeds from distribution of beneficial interest in perpetual trust	-	165,612
Proceeds from sales of investments	665,350	1,760,493
Purchases of investments	(457,234)	(1,727,008)
Net cash provided by investing activities	208,116	199,097
Net change in cash and cash equivalents	96,890	(42,515)
Cash and cash equivalents:		
Beginning	601,234	643,749
Ending	\$ 698,124	\$ 601,234

See notes to financial statements.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: The United Way of Central Illinois, Inc. (Organization) is a not-for-profit corporation organized to promote community planning by developing and allocating human and financial resources that meet priority health and human service needs. The stated mission of the Organization is "... mobilizing resources to meet community needs." The Organization also provides services directly to the community and certified agencies through its staff and group of volunteers.

The following is the summary of the Organization's significant accounting policies:

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 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 the revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates. Significant estimates to the financial statements include the allowance for uncollectible pledges, fair value of investments, fair value of beneficial interest in perpetual trusts and the depreciable lives in relation to property and equipment.

Net asset classifications: The financial statements report the changes in, and total of, each of the net asset classes based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

Unrestricted net assets: The unrestricted net asset class includes general and board-designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily restricted net assets: The temporarily restricted net asset class includes assets and trust obligations of the Organization related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

Permanently restricted net assets: The permanently restricted net asset class includes assets of the Organization for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Cash and cash equivalents: Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with maturities of three months or less at the date of purchase, whose use is not limited or restricted.

Investments: The Organization carries all investments in debt and equity securities with readily determinable fair values at fair value with realized and unrealized gains and losses included in the statements of activities.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2013.

Contributions receivable and allocations payable: Pledges for contributions are recorded as assets and temporarily restricted revenue when the pledges are received. Balances are carried at original pledged amounts less an estimate made for uncollectible pledges based on management's review of all outstanding amounts. Management determines the allowance for uncollectible pledges by using historical experience applied to the campaign total. Pledge receivables are written off when deemed uncollectible. Allocations to member agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Donor designated pledges: Pledges for which the donor stipulates the agency to receive the donation are recorded as assets (contributions receivable) and liabilities (designations payable) when the pledges are received.

Property and equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Leasehold improvements	39
Furnishing and equipment	3 - 10

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the respective lease term.

Beneficial interest in perpetual trusts: At December 31, 2016, the Organization is the beneficiary of a donor-established perpetual trust, which is administered by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the assets held in the third-party trust in perpetuity, but never receives the assets held in trust. The beneficial interest is reported as permanently restricted net assets. The trust annually makes distributions of income to the Organization. The Organization's beneficial interest in the trust is carried at the fair value of the underlying assets as provided by the third-party administrator. Subsequent changes in the carrying value of the beneficial interests are reported in the statement of activities for that period. During 2015, a separate perpetual trust was terminated from which the Organization received the assets held in the trust. At this time, the Organization no longer was restricted to the use of the funds and released these funds from permanently restricted net assets in 2015. The estimated value of the expected future cash flows is \$197,582 and \$196,485 as of December 31, 2016 and 2015, respectively, which represents the fair value of the trust's assets at year-end.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Support and revenue: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. No restrictions are implied on the use of long-lived assets received without donor stipulations concerning how long the assets must be used.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Pending accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for the Organization's fiscal year ending December 31, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct use of and obtain the benefits from the good or service. Transfer of control is not the same as the transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. In 2016, ASU 2016-12 was issued that narrows and clarifies aspects of Topic 606, ASU 2016-08 was issued that includes amendments that clarify the implementation guidance on principal versus agent considerations, and ASU 2016-10 was issued that included guidance on identifying performance obligations and licensing. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for the Organization's fiscal year ending December 31, 2019. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for the Organization’s fiscal year ending December 31, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Reclassifications: Amounts previously shown have been reclassified to conform with current year presentation.

Subsequent events: All of the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the financial statement date but arose after, but before the financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the financial statements from being misleading.

The Organization has evaluated subsequent events through November 14, 2017, the date on which the financial statements were available to be issued.

Note 2. Concentration of Credit Risk

The Organization maintains cash accounts in several financial institutions in amounts which, from time to time, may exceed the Federal Deposit Insurance Corporation insurance limit. The Organization has not experienced any losses as a result of these concentrations and does not believe it is exposed to any significant credit risk on these balances.

Note 3. Contributions Receivable

Contributions receivable as of December 31, 2016 and 2015, are as follows:

	2016			2015		
	Prior Year Campaign	Current Year Campaign	Total	Prior Year Campaign	Current Year Campaign	Total
Contributions receivable	\$ 210,164	\$ 891,796	\$ 1,101,960	\$ 329,661	\$ 1,202,411	\$ 1,532,072
Allowance for uncollectible contributions	(65,299)	(75,609)	(140,908)	(121,935)	(81,628)	(203,563)
	<u>\$ 144,865</u>	<u>\$ 816,187</u>	<u>\$ 961,052</u>	<u>\$ 207,726</u>	<u>\$ 1,120,783</u>	<u>\$ 1,328,509</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 4. Investments

The Organization's unrestricted investments at fair value as of December 31, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 52,907	\$ 94,028
Equity mutual funds	3,536,361	3,466,320
Fixed income mutual funds	<u>2,204,935</u>	<u>2,134,454</u>
	<u>\$ 5,794,203</u>	<u>\$ 5,694,802</u>

Investment income consists of the following for the years ending December 31, 2016 and 2015:

	<u>2016</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Unrealized and realized gains (losses) on investments:				
Net unrealized gain on investments	\$ 307,517	\$ -	\$ -	\$ 307,517
Interest and dividends, net of \$5,861 in fees	118,434	-	-	118,434
Interest and dividends from trusts	7,793	-	-	7,793
Change in beneficial interest in perpetual trusts	-	-	1,097	1,097
	<u>\$ 433,744</u>	<u>\$ -</u>	<u>\$ 1,097</u>	<u>\$ 434,841</u>
	<u>2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Unrealized and realized gains (losses) on investments:				
Net unrealized loss on investments	\$ (113,097)	\$ -	\$ -	\$ (113,097)
Interest and dividends, net of \$5,898 in fees	123,562	-	-	123,562
Interest and dividends from trusts	13,207	-	-	13,207
Change in beneficial interest in perpetual trusts	-	-	(26,061)	(26,061)
	<u>\$ 23,672</u>	<u>\$ -</u>	<u>\$ (26,061)</u>	<u>\$ (2,389)</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 5. Property and Equipment

The Organization's property and equipment as of December 31, 2016 and 2015, are as follows:

	2016	2015
Furnishings and equipment	\$ 123,601	\$ 123,601
Leasehold improvements	112,625	112,625
	<u>236,226</u>	<u>236,226</u>
Less accumulated depreciation	<u>143,779</u>	<u>139,287</u>
	<u>\$ 92,447</u>	<u>\$ 96,939</u>

Note 6. Expense Allocation

Expenses have been classified as program services, marketing and communications, finance and administration and fund raising based on the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel.

In 2016, the Organization incurred joint costs of \$10,908 for informational materials and activities including fund raising appeals. Of these costs, \$2,648 was allocated to fund raising expense, \$6,045 was allocated to program service expense and \$2,215 was allocated to finance and administration.

In 2015, the Organization incurred joint costs of \$8,625 for informational materials and activities including fund raising appeals. Of these costs, \$2,355 was allocated to fund raising expense, \$4,050 was allocated to program service expense and \$2,220 was allocated to finance and administration.

Note 7. Lease and Other Commitments

During 2007, the Organization relocated its operations and entered into a new lease agreement dated April 16, 2007, commencing July 1, 2007 and terminating June 30, 2017. Annual rental payments will increase 2.5 percent each year on the lease anniversary date. Effective July 1, 2017, the existing lease was amended and restated, extending the term of the lease through June 30, 2027. Under the amended and restated lease terms, annual rental payments beginning July 1, 2017 will be \$53,922, with annual increases of 1.0 percent each year for the first five years and 2.0 percent each year for the last five years.

On October 14, 2015, the Organization entered into a new lease agreement for grant management software. This agreement has a monthly payment of \$279 for 60 months.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 7. Lease and Other Commitments (Continued)

Aggregate minimum rental commitments under the amended building and grant management lease are as follows:

Year Ending December 31,	Amount
2017	\$ 64,763
2018	57,540
2019	58,082
2020	58,071
2021	55,834
Thereafter	325,902
	\$ 620,192

The Organization outsources a majority of its accounting function to third parties. Until June 30, 2016, the Organization paid a third party \$4,140 per month for the services provided. Effective July 1, 2017, the Organization entered into an agreement with a different third party for accounting services, which requires a monthly payment of \$3,800 for the services provided. The new agreement for accounting services extends until December 31, 2018. During each of the years ended December 31, 2016 and 2015, service fees paid to third parties for accounting services were \$48,740 and \$49,445, respectively.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of campaign contributions that have not yet been expensed or specifically allocated to Organization agencies as of December 31, 2016 and 2015. Net assets released from donor restrictions through the expiration of time restrictions and meeting purpose restrictions for the years ended December 31, 2016 and 2015, were as follows:

	2016	2015
Time restrictions expired:		
Passage of specified time	\$ 1,505,854	\$ 1,652,483
Purpose restrictions expired:		
Purpose restrictions met	\$ -	\$ -

Note 9. Employee Benefit Plans

Prior to December 2014, the Organization had a defined contribution pension plan covering substantially all of its employees. The Organization made an annual minimum contribution equal to 10 percent of eligible participant wages. Employees were eligible for participation in the plan after one year of employment, and the value of each participant's account is fully and immediately vested from the date of participation.

Prior to December 2014, the Organization had a 403(b) tax deferred annuity plan for all employees. The Organization does not contribute any funding to the plan. Employees are fully vested in their accounts.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 9. Employee Benefit Plans (Continued)

Effective December 1, 2014, the Organization has a profit sharing plan covering substantially all employees upon attaining a certain age, and length-of-service requirements. Employees are fully vested from the beginning of plan participation.

Total expense for the plans amounted to \$34,139 and \$34,870 for the years ended December 31, 2016 and 2015, respectively.

Note 10. Funds Held for Others

The Organization maintains bank accounts for the accumulation of funds to be disbursed only for the benefit of (or upon the instructions of) other organizations. These accounts had a total cash balance held for others of \$51,429 and \$52,215 at December 31, 2016 and 2015, respectively.

Note 11. Allocations to Human Services Agencies and Community Support

The following allocations were made for the years ended December 31, 2016 and 2015:

	2016	2015
Program allocations:		
American Red Cross	\$ -	\$ 51,996
Big Brother - Big Sister of Sangamon County	120,000	134,524
Boys' & Girls' Clubs of Springfield	96,480	139,915
Catholic Charities of Springfield	102,589	205,483
Central Counties Health Center	85,600	16,776
Community Connection Point	75,000	-
Contact Ministries	82,270	34,337
Family Service Center of Sangamon County	123,333	158,164
Girl Scouts, Land of Lincoln Council, Inc.	-	9,125
Helping Hands of Springfield	20,000	46,600
Lutheran Child & Family Services	-	8,830
Mental Health Centers	258,765	173,606
M.E.R.C.Y. Communities, Inc.	95,000	66,712
Mini O'Beirne Crisis Nursery	29,736	32,620
One Hope United	36,667	15,208
Rutledge Youth Foundation, Inc.	-	39,242
Senior Services of Central Illinois	67,723	91,778
Sojourn Shelter & Services	92,585	131,462
SPARC	-	8,421
Springfield Urban League	194,691	12,166
The Center of Youth and Family Solutions	15,000	-
United Cerebral Palsy	25,000	119,333
YMCA	-	26,361
Youth Service Bureau	14,868	127,538
	<u>1,535,307</u>	<u>1,650,197</u>
Venture grants	3,000	30,000
Community support	98,476	95,210
	<u>1,636,783</u>	<u>1,775,407</u>
Net funds allocated to human service agencies and community support	<u>\$ 1,636,783</u>	<u>\$ 1,775,407</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 12. Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

The Fair Value Measurements and Disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Fair Value Measurements and Disclosures topic establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

For the years ended December 31, 2016 and 2015, there were no transfers of financial assets between hierarchy levels.

A description of the valuation methodologies used for financial assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments (recurring): The fair value of the Organization's investments are determined using Level 1 inputs, which are derived from readily available pricing sources and third-party pricing services for identical instruments, respectively.

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid fixed income mutual funds and exchange-traded equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

Beneficial interest in perpetual trusts (recurring): The fair value of the beneficial interests in perpetual trusts held by others is derived from the underlying fair value of the investments held in the trusts. The value of those investments is determined in the same manner as investments described above.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 12. Fair Value Measurements (Continued)

Assets and Liabilities at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 52,907	\$ 52,907	\$ -	\$ -
Equity mutual funds:				
Small cap funds	608,862	608,862	-	-
Mid cap funds	592,295	592,295	-	-
Large cap funds	1,820,110	1,820,110	-	-
International funds	515,094	515,094	-	-
Fixed income mutual funds	2,204,935	2,204,935	-	-
	<u>5,794,203</u>	<u>5,794,203</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trusts	197,582	-	-	197,582
	<u>\$ 5,991,785</u>	<u>\$ 5,794,203</u>	<u>\$ -</u>	<u>\$ 197,582</u>
	2015			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 94,028	\$ 94,028	\$ -	\$ -
Equity mutual funds:				
Small cap funds	558,458	558,458	-	-
Mid cap funds	559,847	559,847	-	-
Large cap funds	1,823,091	1,823,091	-	-
International funds	524,924	524,924	-	-
Fixed income mutual funds	2,134,454	2,134,454	-	-
	<u>5,694,802</u>	<u>5,694,802</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trusts	196,485	-	-	196,485
	<u>\$ 5,891,287</u>	<u>\$ 5,694,802</u>	<u>\$ -</u>	<u>\$ 196,485</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 12. Fair Value Measurements (Continued)

The Fair Value Measurements and Disclosures topic requires a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring or nonrecurring basis using significant unobservable inputs (Level 3) during the period. For these Level 3 assets, the reconciliation as of December 31, 2016 and 2015, is as follows:

Beneficial interest in perpetual trusts	2016
Beginning balance, January 1, 2016	\$ 196,485
Total gains (realized/unrealized) included in change in net assets	1,097
Ending balance, December 31, 2016	<u>\$ 197,582</u>
Total gains included in change in net assets attributable to the change in unrealized/realized gains or losses relating to financial instruments still held at December 31, 2016	
	<u>\$ 1,097</u>
Beneficial interest in perpetual trusts	2015
Beginning balance, January 1, 2015	\$ 388,158
Total losses (realized/unrealized) included in change in net assets	(26,061)
Distribution of investments	(165,612)
Ending balance, December 31, 2015	<u>\$ 196,485</u>
Total losses included in change in net assets attributable to the change in unrealized/realized gains or losses relating to financial instruments still held at December 31, 2015	
	<u>\$ (26,061)</u>