

**UNITED WAY OF ST. CLAIR COUNTY**  
**Port Huron, Michigan**

**ANNUAL FINANCIAL STATEMENTS**  
**with Supplementary Information**

**FOR THE YEAR ENDED**  
**MARCH 31, 2018**



UNITED WAY OF ST. CLAIR COUNTY

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of St. Clair County  
Port Huron, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the United Way of St. Clair County (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 financial statements are free of 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 judgement, 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 the United Way of St. Clair County as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Summarized Comparative Information***

We have previously audited the United Way of St. Clair County's March 31, 2017 financial statements, and our report dated June 14, 2017 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matter**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, as well as 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 financial statements as a whole.

  
Certified Public Accountants

June 13, 2018

**UNITED WAY OF ST. CLAIR COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

**MARCH 31, 2018**

	2018	Restated 2017
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 499,518	\$ 1,211,960
Investments	1,925,104	1,330,229
Pledges receivable (net of allowance for uncollectible pledges)		
Pledges from 2017/2018 campaign	528,148	-
Pledges from 2016/2017 campaign	-	518,222
Interest receivable	719	2,749
Other receivable	-	13,666
Prepaid expenses	14,634	8,961
Total Current Assets	2,968,123	3,085,787
<b>Land, Building and Equipment:</b>		
Net of Accumulated Depreciation	774,232	791,281
<b>Other Assets:</b>		
Beneficial interest in assets held by others	34,681	34,165
Total Assets	\$ 3,777,036	\$ 3,911,233
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 42,522	\$ 15,502
Accrued wages and taxes	7,780	6,429
Donor designations payable	49,179	53,043
Accrued liability for vacations	6,238	5,164
Total Current Liabilities	105,719	80,138
<b>NET ASSETS:</b>		
Unrestricted -		
Land, Building and Equipment	774,232	791,281
Other (See Note 10)	1,316,305	1,375,181
Total Unrestricted Net Assets	2,090,537	2,166,462
Temporarily Restricted	1,546,099	1,630,468
Permanently Restricted	34,681	34,165
Total Net Assets	3,671,317	3,831,095
Total Liabilities and Net Assets	\$ 3,777,036	\$ 3,911,233

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

**UNITED WAY OF ST. CLAIR COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2018  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017**

				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	Restated 2017
<b>Revenues, Gains, and Other Support:</b>					
Current year's campaign (for next period) -					
Contributions received and receivable	\$ -	\$ 1,048,890	\$ -	\$ 1,048,890	\$ 1,131,759
Less: donor designations	-	( 49,179)	-	( 49,179)	( 53,043)
Less: allowance for uncollectible pledges	-	( 60,000)	-	( 60,000)	( 50,000)
Total campaign for next allocation	<u>-</u>	<u>939,711</u>	<u>-</u>	<u>939,711</u>	<u>1,028,716</u>
Contributions -					
Campaign current period	165,196	-	-	165,196	164,882
Other	12,787	16,000	-	28,787	67,747
Non-cash	-	4,432	-	4,432	4,650
Net investment income	18,707	634	516	19,857	27,216
Sponsorship of campaign events/ supplies and expense reimbursement	301	25,282	-	25,583	17,176
Special/capital improvement grants	-	51,013	-	51,013	25,264
	<u>196,991</u>	<u>97,361</u>	<u>516</u>	<u>294,868</u>	<u>306,935</u>
Total Revenues, Gains, and Other Support	196,991	1,037,072	516	1,234,579	1,335,651
Net assets released from restrictions -					
Satisfaction of purpose/program restrictions	1,121,441	( 1,121,441)	-	-	-
Total Revenues, Gains, and Other	<u>1,318,432</u>	<u>( 84,369)</u>	<u>516</u>	<u>1,234,579</u>	<u>1,335,651</u>
<b>Expenses:</b>					
Allocations to member agencies/ community projects	720,843	-	-	720,843	716,153
Prior year donor designations	( 53,043)	-	-	( 53,043)	( 50,068)
Organization grants/ community initiatives	44,553	-	-	44,553	12,759
United Way Worldwide dues	14,334	-	-	14,334	15,401
Community impact services	152,120	-	-	152,120	152,217
Direct services to people	78,990	-	-	78,990	70,217
Cancer services	1,539	-	-	1,539	1,363
Children with disabilities	297	-	-	297	-
Dental services	30,753	-	-	30,753	10,154
Emergency needs/ramps	106,307	-	-	106,307	92,385
Merges substance abuse treatment	6,731	-	-	6,731	14,908
211 Northeast Michigan	27,080	-	-	27,080	28,189
Resource development	235,192	-	-	235,192	227,927
Organizational administration	28,661	-	-	28,661	23,731
Total Expenses	<u>1,394,357</u>	<u>-</u>	<u>-</u>	<u>1,394,357</u>	<u>1,315,336</u>
Change in Net Assets	( 75,925)	( 84,369)	516	( 159,778)	20,315
Net Assets at beginning of year, as restated	<u>2,166,462</u>	<u>1,630,468</u>	<u>34,165</u>	<u>3,831,095</u>	<u>3,810,780</u>
Net Assets at end of year	<u>\$ 2,090,537</u>	<u>\$ 1,546,099</u>	<u>\$ 34,681</u>	<u>\$ 3,671,317</u>	<u>\$ 3,831,095</u>

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

**UNITED WAY OF ST. CLAIR COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2018**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017**

	Program Services				
	Community Impact Services	Direct Services to People	Cancer Services For St. Clair County	United Way Children with Disabilities Fund	United Way Dental Services of St. Clair County
Salaries	\$ 83,673	\$ 50,055	\$ -	\$ -	\$ -
Payroll taxes	6,913	4,076	-	-	-
Employee health and retirement benefits	21,127	11,331	-	-	-
	<u>111,713</u>	<u>65,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
Telephone	1,752	844	-	-	-
Postage	151	73	-	-	-
Office supplies	2,565	1,236	-	-	-
Mileage	138	-	-	-	-
Insurance	1,856	894	-	-	-
Dues & membership fees	1,367	659	-	-	-
Equipment maintenance	1,150	554	-	-	-
Occupancy	8,655	3,386	-	-	-
Medications, materials, and direct services	-	-	1,539	297	30,753
Training & other	402	144	-	-	-
Campaign events	-	-	-	-	-
Campaign printing	-	-	-	-	-
Campaign supplies	-	-	-	-	-
Accounting & auditing	-	-	-	-	-
211 Northeast Michigan	-	-	-	-	-
First call for help	2,509	-	-	-	-
Community relations/projects	7,958	-	-	-	-
In-kind	-	-	-	-	-
	<u>28,503</u>	<u>7,790</u>	<u>1,539</u>	<u>297</u>	<u>30,753</u>
Depreciation	<u>11,904</u>	<u>5,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>\$ 152,120</u>	<u>\$ 78,990</u>	<u>\$ 1,539</u>	<u>\$ 297</u>	<u>\$ 30,753</u>

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

United Way Emergency Needs of St. Clair County	Merges Substance Abuse Treatment	211 Northeast Michigan	Supporting Services		Totals	
			Resource Development	Organizational Administration	2018	2017
			\$ -	\$ -	\$ 20,180	\$ 111,721
-	-	1,544	9,098	651	22,282	20,053
-	-	2,383	25,291	1,809	61,941	56,902
-	-	24,107	146,110	10,451	357,843	341,072
-	-	479	1,884	135	5,094	5,151
-	-	-	3,780	12	4,016	6,539
-	-	-	2,759	198	6,758	4,731
-	-	539	3,334	-	4,011	5,142
-	-	-	1,996	143	4,889	6,743
-	-	-	1,471	1,253	4,750	3,790
-	-	-	1,238	89	3,031	4,054
-	-	-	7,557	540	20,138	18,655
106,307	6,731	-	-	-	145,627	118,810
-	-	-	322	24	892	413
-	-	-	15,081	-	15,081	8,800
-	-	-	19,165	-	19,165	22,130
-	-	-	13,257	-	13,257	16,283
-	-	-	-	14,900	14,900	10,680
-	-	1,955	-	-	1,955	4,275
-	-	-	-	-	2,509	239
-	-	-	-	-	7,958	9,327
-	-	-	4,432	-	4,432	4,650
106,307	6,731	2,973	76,276	17,294	278,463	250,412
-	-	-	12,806	916	31,364	29,607
\$ 106,307	\$ 6,731	\$ 27,080	\$ 235,192	\$ 28,661	\$ 667,670	\$ 621,091



**UNITED WAY OF ST. CLAIR COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	2018	Restated 2017
	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from contributors	\$ 1,184,583	\$ 1,286,331
Event sponsorships and expense reimbursements	25,583	17,176
Allocations paid	( 765,396)	( 728,912)
Cash paid to suppliers and employees	( 569,393)	( 535,677)
Interest & dividends	21,371	26,491
Net Cash Provided (Used) by Operating Activities	<u>( 103,252)</u>	<u>65,409</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of capital assets	( 14,315)	-
Net sales (purchases) of investments	( 594,875)	368,950
Net Cash Provided (Used) by Investing Activities	<u>( 609,190)</u>	<u>368,950</u>
Net increase (decrease) in cash and cash equivalents	( 712,442)	434,359
Cash and cash equivalents at beginning of year	<u>1,211,960</u>	<u>777,601</u>
Cash and cash equivalents at end of year	<u>\$ 499,518</u>	<u>\$ 1,211,960</u>
<b>Reconciliation of Change in Net Cash Provided (Used) by Operating Activities</b>		
Change in net assets	\$( 159,778)	\$ 20,315
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	31,364	29,607
Allowance for doubtful accounts	7,884	10,451
Change in assets and liabilities:		
Gain of value on beneficial interest in assets held by others	( 516)	( 1,500)
Increase in pledge receivable	( 17,810)	( 3,451)
(Increase) Decrease in interest and other receivable	15,696	( 9,478)
(Increase) Decrease in prepaid expenses	( 5,673)	4,755
Increase in accounts payable	27,020	11,499
Increase (Decrease) in accrued wages and taxes	1,351	( 953)
Increase (Decrease) in donor designations payable	( 3,864)	2,975
Increase in accrued liability for vacations	1,074	1,189
Net Cash Provided (Used) by Operating Activities	<u>\$( 103,252)</u>	<u>\$ 65,409</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Non-cash contributions	<u>\$ 4,432</u>	<u>\$ 4,650</u>

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

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF ORGANIZATION:**

United Way of St. Clair County (the "Organization") was founded in 1924 and is governed by a volunteer Board of Directors. The mission of the Organization is to mobilize the community of St. Clair County to raise funds and/or resources to meet identified human service needs with the highest level of accountability and community involvement.

**SIGNIFICANT ACCOUNTING POLICIES:**

The Organization's accounting policies are in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of policies which are considered significant to the United Way:

**BASIS OF ACCOUNTING/PRESENTATION** - The financial statements are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The statements are presented in accordance with the accounting principles outlined in the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations and the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Statement 958. In accordance with ASC 958, contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**CASH AND CASH EQUIVALENTS** - Cash equivalents represent highly liquid investments with a maturity of three months or less from date of purchase. The money market account has general characteristics of demand deposit accounts in that the Organization may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty. The money market accounts are recorded at cost, which approximates fair value.

**INVESTMENTS** - Investments consist of certificates of deposit with maturities greater than three months from date of purchase that are reported at cost, which approximates fair value. Investments also include mutual funds, which are recorded at fair value based on quoted market prices.

Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

**PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES** - All pledge receivables are recorded at the expected net realizable value. The provision for uncollectible pledges is computed based upon past history, management estimates of current economic factors applied to the current campaign, including donor designations for the 2017-2018 campaign, plus 100% of any amounts remaining due from the 2016-2017 campaign.

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**PROPERTY AND EQUIPMENT** - Property and equipment are carried at cost at the date of purchase or fair market value at date of donation. Additions with a cost greater than \$1,000 are charged to the property accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the assets. All property and equipment are recorded as part of the General Operating Fund assets.

The estimated useful lives of the assets are as follows:

Building and Building Improvements	10 - 40 years
Computers	3 years
Furniture and Equipment	5 - 10 years

**ACCRUED PAID TIME OFF** - Employees have vested rights upon termination of employment to receive payment for unused annual leave under limits and conditions specified in the personnel policies of the Organization.

**INCOME TAXES** - The United Way of St. Clair County is a nonprofit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

**RESTRICTED AND UNRESTRICTED REVENUE** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

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

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

**ESTIMATES** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the 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.

# UNITED WAY OF ST. CLAIR COUNTY

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

### NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**COMPARATIVE DATA** - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional classification. 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 March 31, 2017 from which the summarized information was derived. The March 31, 2017 financial statements have been restated to reflect additional pledges receivable (see Note 14).

**FAIR VALUE MEASUREMENTS** - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring value, and requires certain disclosures about fair value measurements. The Organization accounts for certain financial assets at fair value.

**FUNCTIONAL EXPENSES** - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the program and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**UPCOMING ACCOUNTING PRONOUNCEMENTS** - In August 2016, the Financial Accounting Standards Board issued a new accounting standard, Topic 958, for not-for-profit entities aimed at improving the current net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Included in the new standard is presenting on the face of the statement of financial position two classes of net assets at the end of the period, *net assets with donor restrictions* and *net assets without donor restrictions*, rather than the currently required three classes. The statement of activities would also present changes in each of the two classes of net assets rather than the currently required three classes. The amendments in this update are effective for the Organization's financial statements for the year ending March 31, 2019.

**SUBSEQUENT EVENTS** - In preparing these financial statements, the United Way of St. Clair County has evaluated events and transactions for potential recognition or disclosure through June 13, 2018, the date financial statements were available to be issued.

### NOTE 2 - CASH AND INVESTMENTS:

#### **Concentration of Credit Risk -**

Financial instruments that potentially subject the United Way of St. Clair County to credit risk include cash and cash equivalents on deposit with financial institutions. At March 31, 2018, the Organization had bank balances of \$1,746,474 at financial institutions, of which \$647,258 was covered by depository insurance, with the remaining \$1,099,216 was uninsured and uncollateralized.

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 2 - CASH AND INVESTMENTS - (cont'd):**

At March 31, 2018, investments of the Organization consist of the following:

Mutual Funds	\$ 721,597
Certificates of Deposit	<u>1,203,507</u>
Total	<u>\$ 1,925,104</u>

The Organization had the following return on investment for the year ended March 31, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Interest and Dividends	\$ 29,989	\$ 634	\$ -
Unrealized Gain (Loss) on Investments	<u>( 11,282)</u>	<u>-</u>	<u>516</u>
Total	<u>\$ 18,707</u>	<u>\$ 634</u>	<u>\$ 516</u>

**NOTE 3 - PLEDGES RECEIVABLE:**

The following is a summary of the campaign pledges receivable less the allowance for uncollectible pledges as of March 31, 2018:

	<u>2016/2017</u>	<u>2017/2018</u>	<u>Total</u>
Pledges receivable	\$ 69,380	\$ 588,148	\$ 657,528
Less: Allowance for uncollectible pledges	<u>( 69,380)</u>	<u>( 60,000)</u>	<u>( 129,380)</u>
Net pledges receivable	<u>\$ -</u>	<u>\$ 528,148</u>	<u>\$ 528,148</u>

**NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:**

Beneficial interest in assets held by others represents assets transferred to the Community Foundation of St. Clair County (the "Foundation") to establish an agency endowment fund plus accumulated investment earnings. Under the terms of the agreement with the Foundation, the Board of Directors of the Organization may recommend or request distribution from the fund in amounts limited by the spending policies of the Foundation. The Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Organization granted variance power to the Foundation. The Foundation expects to follow the recommendation but reserves the right to accept or reject the Organization's recommendations. Variance power also gives the Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Organization ceases to exist and the Board of the Foundation determines that support of the Organization is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 5 - LAND, BUILDING, AND EQUIPMENT:**

The following is a summary of land, building, and equipment for the year ended March 31, 2018:

Land and Building	\$	26,694
Building Improvements		358,940
Furniture and Equipment		93,644
Land and Building - Dental Clinic		<u>712,285</u>
		1,191,563
Less - Accumulated depreciation	(	<u>417,331</u> )
	\$	<u><u>774,232</u></u>

**NOTE 6 - FAIR VALUE MEASUREMENTS:**

In accordance with ASC 820, the Organization uses fair value measurements to record adjustments to certain assets. The ASC 820 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 at the measurement date.” The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the assets or liabilities at the measurement date. These inputs reflect the reporting entity’s own assumptions about assumptions that would be used by market participants.

The following table presents the Organization’s fair value hierarchy for the assets and liabilities measured at fair value as of March 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments - Mutual Funds	<u>\$ 721,597</u>	<u>\$ 721,597</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of investments at March 31, 2018, as disclosed above, does not include certificates of deposit that are classified as investments on the statement of financial position since they are appropriately recorded at cost. The amount held in certificates of deposit at March 31, 2018 was \$1,203,507.

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 7 - DONOR DESIGNATIONS PAYABLE:**

The donor designations payable represents the annual amount due to other United Ways and member agencies for certain designated pledges. Actual cash disbursements of designations are made for three types of pledge designations: designations to other United Ways; designations to member agencies not receiving an allocation and designations received in the State and Federal Government campaigns. Since the Organization uses a first-dollar-in designation policy, the first payments made to an agency, if they are receiving a regular allocation, are treated as a payment of designations. Therefore, separate payments for the designations in these cases are not made. Designations paid appear in the Statement of Activities under Allocations to Organizations. The prior year donor designations payable is reported as an offset against current year expenses to comply with ASC 958.

**NOTE 8 - DONATED SERVICES:**

Donated services are recognized as contributions in accordance with ASC 958 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

There are a substantial number of volunteers donating a significant amount of time to the Organization's fund raising and other activities that do not meet these criteria. Therefore, no value for these services is recorded.

**NOTE 9 - PENSION PLAN:**

Effective January 1, 1993, the Board of Directors adopted a noncontributory SEP-IRA plan which covers all full-time employees who meet certain eligibility requirements. Contributions to the plan totaled \$27,758 for the year ended March 31, 2018.

**NOTE 10 - DESIGNATED UNRESTRICTED NET ASSETS:**

The United Way Board of Directors has designated the following amounts from unrestricted net assets as of March 31, 2018:

Dental Clinic Building	\$	40,370
Operating Reserve Fund		750,000
Special Initiatives Fund		472,276
Capital-Main Facility Fund		<u>53,659</u>
	\$	<u>1,316,305</u>

**NOTE 11 - RESTRICTIONS OF NET ASSETS:**

Annually a campaign is conducted to raise funds to provide for the Organization's operations, organizational grants, and community initiatives that address community needs in St. Clair County. These operations, grants and initiatives occur during the subsequent year. Therefore, the annual campaign is recorded as temporary restricted revenue. During the subsequent year, as funds are distributed they are released from restriction and reported as increases in unrestricted net assets.

**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 11 - RESTRICTIONS OF NET ASSETS - (cont'd):**

In addition, amounts received that are restricted by the donor for specific purposes are recorded as temporarily restricted until the time they are spent.

Temporarily restricted net assets are available at March 31, 2018 for the following purposes or periods:

Campaign for 2018 Funding Year	\$ 939,711
Cancer Services	43,686
Children with Disabilities	30,435
Dental Services	158,881
Emergency Needs/Ramps	97,384
Merges Substance Abuse Treatment	185,043
211 Northeast Michigan	<u>90,959</u>
	<u>\$ 1,546,099</u>

Net assets were released during the year ended March 31, 2018 from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restriction accomplished -	
Cancer Services	\$ 1,539
Emergency Needs/Ramps	106,307
Dental Services	30,753
Children with Disabilities	297
Merges Substance Abuse Treatment Services	6,731
211 Northeast Michigan	27,080
Other Contributions/Grants	<u>29,713</u>
	202,420
Time restriction expired -	
Campaign for 2017 funding year	<u>919,021</u>
	<u>\$ 1,121,441</u>

Permanently restricted net assets at March 31, 2018 are restricted for the following:

Beneficial interest in assets held by the Community Foundation	<u>\$ 34,681</u>
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**UNITED WAY OF ST. CLAIR COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 12 - 211 NORTHEAST MICHIGAN:**

The Organization entered into an agreement with 211 Northeast Michigan to bring the 211 services to St. Clair County. In December 2016, the Michigan Public Service Commission approved 211 services for St. Clair County. Prior to the start of the 211 program the Organization operated the First Call for Help Line which provided referral services to people needing assistance on a smaller scale. The 211 line provides 24-hour access to referral services for people needing help. The expenses associated with 211 services are as follows:

Salaries	\$ 20,180
Benefits and Taxes	3,927
211 Northeast Michigan Other Expenses	<u>2,973</u>
	<u>\$ 27,080</u>

**NOTE 13 - DONOR DESIGNATED (TEMPORARILY RESTRICTED) FUNDS:**

The Organization has six donor designated funds (temporarily restricted funds) to address specific issues, Cancer Services Fund, Children with Disabilities Fund, Dental Services Fund, Emergency Needs/Ramps Fund, Merges Substance Abuse Treatment Fund, and 211 Northeast Michigan Fund.

The Cancer Services and Children with Disabilities Funds provide assistance to individuals and their families, affected by these conditions, with unusual and unique needs not covered by any other funding source. The Dental Services Fund provides assistance to disabled, homeless, indigent, and low-income residents in securing appropriate dental care, primarily at the United Way Community Dental Clinic. The Emergency Needs/Ramps Fund provides assistance to families when no other source is available for housing, utilities, food and health care on an individual basis when extreme financial need is documented and verified.

The Ramp portion of the Emergency Needs/Ramps Fund is administered by the collaborative Ramp Committee (representatives from Community Enterprises, Department of Human Services, Stebbins Family Fund and The Arc of St. Clair County) who reviews diagnostic and financial information to establish individual need. Ramps are constructed by Community Enterprises' developmental disabled workers.

The Merges Substance Abuse Treatment Fund is administered by the Citizens Review Committee to provide grants to organizations for substance abuse treatment programs. This fund is restricted to up to \$40,000 per year in granting expenditures.

The 211 Northeast Michigan Fund provides an easy-to-remember phone number connecting callers with health and human services in their community 24 hours a day, 7 days a week.

All of these funds are administered by the Executive Director of the United Way in conjunction with the Direct Service Coordinator and Labor Representative.

**NOTE 14 - PRIOR PERIOD ADJUSTMENT:**

The March 31, 2017 financial statements have been restated to reflect additional pledges receivable distributed through the United Way of Southeastern Michigan for the 2016/17 campaign. The effect of the adjustment was to increase pledges receivable, temporarily restricted net assts, and contributions by \$175,330.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**UNITED WAY OF ST. CLAIR COUNTY**

**COMBINING STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2018**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017**

	<u>General</u>	<u>Merges Substance Abuse Treatment</u>	<u>211 Northeast Michigan</u>	<u>Cancer Services</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ ( 58,282)	\$ 185,043	\$ 90,959	\$ 43,686
Investments	1,896,516	-	-	-
Pledges receivable (net of allowance for uncollectible pledges)				
Pledges from 2017/2018 campaign	528,148	-	-	-
Pledges from 2016/2017 campaign	-	-	-	-
Interest receivable	719	-	-	-
Other receivable	-	-	-	-
Prepaid expenses	14,634	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	2,381,735	185,043	90,959	43,686
<b>Land, Building, and Equipment:</b>				
Net of Accumulated Depreciation	774,232	-	-	-
<b>Other Assets:</b>				
Beneficial interest in assets held by others	34,681	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,190,648</u>	<u>\$ 185,043</u>	<u>\$ 90,959</u>	<u>\$ 43,686</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 62,522	\$ -	\$ -	\$ -
Accrued wages and taxes	7,780	-	-	-
Donor designations payable	49,179	-	-	-
Accrued liability for vacations	6,238	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	125,719	-	-	-
<b>NET ASSETS</b>				
Unrestricted -				
Land, Building and Equipment	774,232	-	-	-
Other (See Note 10)	1,316,305	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Net Assets	2,090,537	-	-	-
Temporarily Restricted	939,711	185,043	90,959	43,686
Permanently Restricted	34,681	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	3,064,929	185,043	90,959	43,686
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 3,190,648</u>	<u>\$ 185,043</u>	<u>\$ 90,959</u>	<u>\$ 43,686</u>

Children with Disabilities	Dental Services	Emergency Needs/Ramps	Elimination of Interfund Transactions	Total All Funds	
				2018	2017
\$ 1,847	\$ 158,881	\$ 77,384	\$ -	\$ 499,518	\$ 1,211,960
28,588	-	-	-	1,925,104	1,330,229
-	-	-	-	528,148	-
-	-	-	-	-	518,222
-	-	-	-	719	2,749
-	-	20,000	( 20,000)	-	13,666
-	-	-	-	14,634	8,961
30,435	158,881	97,384	( 20,000)	2,968,123	3,085,787
-	-	-	-	774,232	791,281
-	-	-	-	34,681	34,165
<u>\$ 30,435</u>	<u>\$ 158,881</u>	<u>\$ 97,384</u>	<u>\$( 20,000)</u>	<u>\$ 3,777,036</u>	<u>\$ 3,911,233</u>
\$ -	\$ -	\$ -	\$( 20,000)	\$ 42,522	\$ 15,502
-	-	-	-	7,780	6,429
-	-	-	-	49,179	53,043
-	-	-	-	6,238	5,164
-	-	-	( 20,000)	105,719	80,138
-	-	-	-	774,232	791,281
-	-	-	-	1,316,305	1,375,181
-	-	-	-	2,090,537	2,166,462
30,435	158,881	97,384	-	1,546,099	1,630,468
-	-	-	-	34,681	34,165
30,435	158,881	97,384	-	3,671,317	3,831,095
<u>\$ 30,435</u>	<u>\$ 158,881</u>	<u>\$ 97,384</u>	<u>\$( 20,000)</u>	<u>\$ 3,777,036</u>	<u>\$ 3,911,233</u>

**UNITED WAY OF ST. CLAIR COUNTY**

**ORGANIZATION GRANTS AND COMMUNITY INITIATIVES  
FOR THE YEAR ENDED MARCH 31, 2018  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017**

	Total	
	2018	2017
<b>Allocation of affiliated organizations/community projects:</b>		
Blue Water Community Action	\$ 17,200	\$ 7,468
Blue Water Hospice	11,990	39,292
Blue Water League of the Blind	1,127	1,392
Blue Water Safe Horizons	130,575	130,000
Blue Water WARM	8,000	8,000
Catholic Charities of SE MI	53,633	57,595
Comprehensive Youth Services, The Harbor	41,000	41,000
Council on Aging, serving St. Clair County	7,500	4,000
CSCB	5,000	5,000
DHS- Foster Kids Care	7,500	7,500
Girl Scouts-Michigan Waterways Council	17,486	21,264
Hunter Hospitality House	7,000	8,000
I.M.P.A.C.T.	30,000	30,000
Michigan Crossroads BSA	39,400	32,900
Michigan League for Human Services	500	500
Mid-City Nutrition Program	-	10,000
Michigan Vocational Rehab - State of MI	60,000	60,000
People's Clinic for Better Health	7,384	6,036
Sanborn Gratiot Memorial Home	7,500	-
SONS	20,000	26,708
Special Dreams Farm	-	4,368
St. Clair County RESA - Imagination Library	46,857	46,382
The ARC of St. Clair County	70,000	70,000
Touchstone Services, Inc. (BW Club House)	13,801	-
United Way of St. Clair County Emergency Fund	20,000	-
Visiting Nurses Association	97,390	98,748
	<u>\$ 720,843</u>	<u>\$ 716,153</u>
<b>Organization grants/community initiatives:</b>		
Literacy & Beyond - Interviewing for Success	\$ -	\$ 1,625
Preferred Charter - PHASD - Special Dreams	1,150	200
St. Clair County Health Department - Assessment	-	3,500
Other Agency Designation Payments- United Ways	43,403	7,434
	<u>\$ 44,553</u>	<u>\$ 12,759</u>

Although the above information is presented by agency, these organizations are funded for specific programs, and funds are restricted by the United Way for use in the specific programs. As the needs of the community change, programs funded also change. Funding is determined on an annual basis as the needs of the community are identified.

**UNITED WAY OF ST. CLAIR COUNTY**

**DETAILED SCHEDULE OF GRANTS/EXPENSES FROM DONOR DESIGNATED FUNDS  
FOR THE YEAR ENDED MARCH 31, 2018**

<b>Cancer Services Direct to Individuals:</b>	
Housing/Rent Assistance	\$ 1,039
Medical Assistance	500
Total Cancer Services	<u>1,539</u>
<b>Dental/Oral Surgery Direct Services to Individuals/Misc.:</b>	
Dental Needs Expense	<u>30,753</u>
<b>Children with Disabilities Direct Services to Individuals:</b>	
Miscellaneous Assistance	<u>297</u>
<b>Emergency Needs Services Direct to Individuals:</b>	
Housing/Rent Assistance	10,167
Medical/Vision Assistance	1,401
Misc. Assistance - Food/Transportation/Plumbing	28,937
Utility Assistance	4,900
Emergency Direct Services to Individuals	<u>45,405</u>
Grants to Community Enterprises for Individuals Ramps/Construction	60,902
Total Emergency Needs Services	<u>106,307</u>
<b>Merges Substance Abuse Treatment Services:</b>	
Grants to IMPACT	<u>6,731</u>
<b>211 Northeast Michigan Services:</b>	
Salaries and Benefits	24,107
Other Expenses for Referral Services	2,973
Total 211 Northeast Michigan	<u>27,080</u>
Total Grants From Donor Designated Funds	<u><u>\$ 172,707</u></u>



## AUDIT COMMUNICATION LETTER

June 13, 2018

To the Board of Directors  
United Way of St. Clair County  
Port Huron, Michigan

We have audited the financial statements of the United Way of St. Clair County (the "Organization") for the year ended March 31, 2018 and have issued our report thereon dated June 14, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated March 13, 2018. Professional standards also require that we provide you with the following information related to our audit.

### **Significant Audit Items**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the United Way of St. Clair County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of allowance for uncollectible pledges is based on management's review of the receivable, historical data, and current economic conditions.

We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements were detected as a result of audit procedures and were corrected by management (We also proposed and management corrected some immaterial entries):

- Adjustment to donor designation payable and allocations funded through designations
- Adjustment of temporarily restricted net assets including adjustment to campaign pledges, allowance for uncollectible pledge, and 211 Northeast Michigan program.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 13, 2018.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant factors. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We noted an item that, although is not considered a material weakness or significant deficiency, could improve controls, the operational efficiency, and/or compliance with laws and regulations. This item is discussed in Attachment A.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



**Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of the United Way of St. Clair County and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Board of Directors of the United Way of St. Clair County.

  
Certified Public Accountant

## **Attachment A**

The following item we discussed with management is not considered a material weakness or significant deficiency, however, is an item that could improve controls, the operational efficiency, and/or compliance with laws and regulations:

### **Review controls over the general checking account.**

In order to increase controls over cash, we suggest that an imprest cash account be maintained for payroll expenses. Currently, the payroll service company withdraws salary and related payroll tax expenses from the general checking account. With an imprest account, a minimum balance would be retained and would require a transfer from the general checking account to cover each payroll expense. This procedure would limit access to the Organization's cash.

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

Client Name: United Way of St. Clair County

Financial Statement Date: March 31, 2018

Description of Misstatement	Financial Statements Effect				
	Amount of Over ( Under ) Statement of				
	Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
Unrecorded Copier Lease	(2,805)	(2,805)	-	-	-
Unrecorded Depreciation	701	-	701	-	(701)
Allocation to Emergency Needs/Ramps Fund	-	-	-	20,000	20,000
	-	-	-	-	-
	-	-	-	-	-
<b>Total Current Year Unadjusted Amount</b>	<b>(2,104)</b>	<b>(2,805)</b>	<b>701</b>	<b>20,000</b>	<b>19,299</b>
Unadjusted Amount From Prior Year				16,000	-
<b>Total Unadjusted Amount</b>	<b>(2,104)</b>	<b>(2,805)</b>	<b>701</b>	<b>36,000</b>	<b>19,299</b>

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Douglas A. Dolge 6/13/2018  
 Executive Director