

FOND DU LAC AREA UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	3-4
Financial Statements	
Statements of Financial Position.....	5
Statements of Activities.....	6
Statements of Functional Expenses.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-17



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fond du Lac Area United Way, Inc.

We have audited the accompanying financial statements of Fond du Lac Area United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

Mayville
14 N. Main Street
Mayville, WI 53050
P: 920-387-3356
F: 920-387-3083

Fond du Lac
20 N. Main St.
Fond du Lac, WI 54935
P: 920-921-3356
F: 920-921-7035

Juneau
138 E. Oak Street
Juneau, WI 53039
P: 920-386-4458
F: 920-386-9294

Waukesha
215 W. North Street
Waukesha, WI 53186
P: 262-574-0374
F: 262-574-0369



INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fond du Lac Area United Way, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Hietpas Group

Certified Public Accountants
Fond du Lac, Wisconsin
May 2, 2018

**FOND DU LAC AREA UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 487,399	\$ 587,915
Unconditional promises to give, less allowance for uncollectible promises to give of \$40,964 and \$40,527	294,886	273,364
Prepaid expenses	4,572	1,185
Security deposit	750	750
Total Current Assets	<u>787,607</u>	<u>863,214</u>
Property and Equipment, net	2,514	3,635
Other Assets:		
Operational endowment	<u>152,328</u>	<u>131,340</u>
Total Assets	<u><u>\$ 942,449</u></u>	<u><u>\$ 998,189</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 5,921	\$ 7,327
Accrued liabilities	5,610	5,302
Agency fund payable - SPROUT	3,942	1,677
Current portion of capital lease payable	1,090	960
Total Current Liabilities	<u>16,563</u>	<u>15,266</u>
Capital Lease Payable, less current maturities	<u>599</u>	<u>1,689</u>
Total Liabilities	17,162	16,955
Net Assets:		
Unrestricted:		
Board designated	186,353	151,611
Undesignated	<u>169,029</u>	<u>206,550</u>
Total Unrestricted	355,382	358,161
Temporarily restricted	<u>569,905</u>	<u>623,073</u>
Total Net Assets	<u>925,287</u>	<u>981,234</u>
Total Liabilities and Net Assets	<u><u>\$ 942,449</u></u>	<u><u>\$ 998,189</u></u>

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

FOND DU LAC AREA UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:						
Contributions:						
2017 campaign revenue	\$ -	\$ 569,905	\$ 569,905	\$ -	\$ -	\$ -
2016 campaign revenue, less allowance and shortfalls	86,405	-	86,405	-	623,073	623,073
2015 campaign revenue	-	-	-	185,753	-	185,753
2014 campaign revenue	-	-	-	1,220	-	1,220
2013 campaign revenue	-	-	-	-	-	-
2011 campaign revenue	-	-	-	-	-	-
Total Contributions	86,405	569,905	656,310	186,973	623,073	810,046
Donor desingnation fees	684	-	684	761	-	761
Fundraisers	3,245	-	3,245	1,320	-	1,320
Endowment income (loss)	20,988	-	20,988	8,520	-	8,520
Interest income	322	-	322	403	-	403
Miscellaneous income	17,234	-	17,234	3,700	-	3,700
Net assets released from restrictions	623,073	(623,073)	-	571,538	(571,538)	-
Total Revenues and Other Support	751,951	(53,168)	698,783	773,215	51,535	824,750
Expenses:						
Program services:						
Community services	14,875	-	14,875	16,267	-	16,267
United Youth allocations	6,310	-	6,310	6,750	-	6,750
Agency allocations	562,332	-	562,332	576,394	-	576,394
Total program services	583,517	-	583,517	599,411	-	599,411
Management and general	52,276	-	52,276	44,392	-	44,392
Fundraising	118,937	-	118,937	98,459	-	98,459
Total Expenses	754,730	-	754,730	742,262	-	742,262
Change in Net Assets	(2,779)	(53,168)	(55,947)	30,953	51,535	82,488
Net Assets:						
Beginning of year	358,161	623,073	981,234	327,208	571,538	898,746
End of year	\$ 355,382	\$ 569,905	\$ 925,287	\$ 358,161	\$ 623,073	\$ 981,234

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

FOND DU LAC AREA UNITED WAY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 9,024	\$ 17,338	\$ 52,275	\$ 78,637	\$ 7,999	\$ 12,709	\$ 43,085	\$ 63,793
Payroll taxes	977	1,629	3,909	6,515	803	1,339	3,213	5,355
Employee benefits	2,282	4,562	2,282	9,126	1,943	3,884	1,943	7,770
Insurance	252	1,007	1,260	2,519	256	1,021	1,278	2,555
Rent	900	3,600	4,500	9,000	900	3,600	4,500	9,000
Postage	184	368	1,288	1,840	116	232	811	1,159
Office supplies and expense	290	290	2,318	2,898	100	100	799	999
Campaign expense	-	-	43,491	43,491	-	-	36,368	36,368
Membership dues	-	13,238	1,471	14,709	-	9,262	1,029	10,291
Repairs and maintenance	-	2,428	2,428	4,856	-	2,335	2,335	4,670
Conventions, conferences and meetings	128	205	180	513	419	670	587	1,676
Equipment rental	76	152	532	760	41	83	290	414
Printing and publications	50	50	400	500	-	-	-	-
Professional services	-	5,700	-	5,700	-	7,125	-	7,125
Community needs assessment	-	-	-	-	3,043	-	-	3,043
Telephone	428	214	1,497	2,139	393	197	1,376	1,966
Auto expense	60	60	180	300	40	40	121	201
Parking	-	336	-	336	-	672	-	672
Utilities	-	227	-	227	-	322	-	322
Depreciation	224	280	617	1,121	214	267	587	1,068
Miscellaneous	-	309	309	618	-	136	137	273
Interest	-	283	-	283	-	398	-	398
	<u>14,875</u>	<u>52,276</u>	<u>118,937</u>	<u>186,088</u>	<u>16,267</u>	<u>44,392</u>	<u>98,459</u>	<u>159,118</u>
United Youth allocations	6,310	-	-	6,310	6,750	-	-	6,750
Agency allocations	562,332	-	-	562,332	576,394	-	-	576,394
	<u>\$ 583,517</u>	<u>\$ 52,276</u>	<u>\$ 118,937</u>	<u>\$ 754,730</u>	<u>\$ 599,411</u>	<u>\$ 44,392</u>	<u>\$ 98,459</u>	<u>\$ 742,262</u>

FOND DU LAC AREA UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (55,947)	\$ 82,488
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,121	1,068
Realized (gain) loss on investments	(7,565)	(1,151)
Unrealized (gain) loss on investments	(11,774)	(5,770)
Provision for uncollectible promises to give	437	(12,551)
Effects of changes in operating assets and liabilities:		
Unconditional promises to give	(21,959)	(18,051)
Prepaid expenses	(3,387)	(1,185)
Accounts payable	(1,406)	(7,264)
Accrued liabilities	308	(143)
Agency fund payable - SPROUT	<u>2,265</u>	<u>(3,029)</u>
Net Cash Flows from (used in) Operating Activities	<u>(97,907)</u>	<u>34,412</u>
 Cash Flows from Investing Activities:		
Acquisition of property and equipment	-	(451)
Acquisition of investments	(60,221)	(11,024)
Proceeds from sale of investments	<u>58,572</u>	<u>9,462</u>
Net Cash Flows from (used in) Investing Activities	<u>(1,649)</u>	<u>(2,013)</u>
 Cash Flows from Financing Activities:		
Payments on capital lease	<u>(960)</u>	<u>(846)</u>
Net Cash Flows from (used in) Financing Activities	<u>(960)</u>	<u>(846)</u>
 Net Change in Cash and Cash Equivalents	(100,516)	31,553
 Cash and Cash Equivalents:		
Beginning of year	587,915	556,362
End of year	<u>\$ 487,399</u>	<u>\$ 587,915</u>

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

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fond du Lac Area United Way, Inc. (the "Organization") located in Fond du Lac, Wisconsin, is a nonprofit organization that is committed to providing leadership to impact the human care agenda in the community.

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents includes all highly liquid investments with an initial maturity of three months or less. The Organization maintains its cash balances in various banks that may at times exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Fond du Lac Area United Way, Inc. provides for losses on promises to give using the allowance method. The allowance is based on 4% of total campaign revenue for 2017 and 2016. It is the Organization's policy to charge off uncollectible promises to give when management determines the contribution will not be collected. Management has determined that the allowance for December 31, 2017 and 2016 is \$40,964 and \$40,527, respectively.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at approximate fair value at date of donation. The Organization has adopted a policy to capitalize fixed assets with a cost of \$500 or greater. Maintenance and repairs are charged to operations as incurred and renewals and betterments are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Office equipment	5 - 10 years
------------------	--------------

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

Net assets are classified into one of three classes of net assets based on the existence or absence of donor- imposed restrictions. The following is a description of each class:

Unrestricted net assets - net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily restricted net assets - net assets include contributed net assets for which donor- imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently restricted net assets - net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

The Organization does not have any permanently restricted net assets as of December 31, 2017 and 2016.

Fair Value Measurements

In accordance with accounting standards, the Organization defines fair value as the exchange price (an exit price) that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

Level 2 - Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition - Continued

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

In-Kind Support

The Organization records various types of in-kind support including advertising, printing and supplies. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by a like amount included in expenses.

Additionally, contributed services are recognized as contributions in accordance with generally accepted accounting standards. The Organization recognizes revenue if the services (a) create or enhance non-financial assets or (b) require special skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services received throughout the year were recognized as contributions in the financial statements since the recognition criteria under accounting standards was met. Accordingly, the value of this in-kind support amounted to \$26,817 and \$24,312 for the years ended December 31, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization has adopted *Accounting for Uncertainty In Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Tax years ending December 31, 2014 and after are currently open to potential audits. The adoption of ASC 740-10 did not have a material effect on its financial position, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017 and 2016.

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The Organization considers the value of the allowance for uncollectible pledges receivable to be a significant estimate subject to change. Actual results may differ from these estimates.

NOTE B - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
2017 Campaign	\$ 257,537	\$ -
2016 Campaign	78,313	241,554
2015 Campaign	-	72,337
	<u>335,850</u>	<u>313,891</u>
Less allowance for uncollectible promises to give	<u>(40,964)</u>	<u>(40,527)</u>
	<u>\$ 294,886</u>	<u>\$ 273,364</u>

The Organization typically ends collecting on a campaign two years after the campaign was closed. At that time, outstanding promises to give are written off against the allowance for uncollectible promises to give, resulting in a net gain or write off which is reflected in contribution revenue. The net (gain) loss recognized during the years ended December 31:

	<u>2017</u>	<u>2016</u>
2015 outstanding promises to give	\$ 27,479	\$ -
2014 outstanding promises to give	-	21,618
Less allowance for uncollectible promises to give	<u>(10,127)</u>	<u>(22,838)</u>
	<u>\$ 17,352</u>	<u>\$ (1,220)</u>

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 32,330	\$ 32,330
Less accumulated depreciation	<u>(29,816)</u>	<u>(28,695)</u>
	<u>\$ 2,514</u>	<u>\$ 3,635</u>

Asset acquired through capital lease is as follows:

Office equipment	\$ 3,879	\$ 3,879
Less accumulated depreciation	<u>(2,005)</u>	<u>(1,229)</u>
	<u>\$ 1,874</u>	<u>\$ 2,650</u>

NOTE D - OPERATIONAL ENDOWMENT

Fond du Lac Area United Way, Inc.'s endowment consists of one, board designated fund for operational purposes. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Fond du Lac Area United Way, Inc. has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (WUPMIFA) as requiring the preservation of historic dollar value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with WUPMIFA, the Board of Directors considers the following factors in making a determination to appropriate appreciation, make and/or retain investments, and to delegate investment management:

- The long- and short-term needs of Fond du Lac Area United Way, Inc. to carry out its purpose,
- Funds shall be frozen until the level of funds has reached \$100,000,
- The present and anticipated financial requirements of Fond du Lac Area United Way, Inc.,
- The expected total return on investments,
- Price level trends, and
- General economic conditions.

Endowment Net Asset Composition by Type of Fund as of December 31:

	<u>2017</u>	<u>2016</u>
Board designated	<u>Unrestricted</u> <u>\$ 152,328</u>	<u>Unrestricted</u> <u>\$ 131,340</u>

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE D - OPERATIONAL ENDOWMENT - Continued

Changes in Endowment Net Assets for the Years Ended December 31:

	<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment net assets, beginning of year	\$ 131,340	\$ 122,820
Appropriation for expenditure	-	-
Investment return:		
Investment income:		
Interest and dividends	2,983	2,775
Investment and trustee fees	(1,334)	(1,176)
Net appreciation (depreciation):		
Net realized gain (loss)	7,565	1,151
Net unrealized gain (loss)	11,774	5,770
	<u>\$ 152,328</u>	<u>\$ 131,340</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor of WUPMIFA requires Fond du Lac Area United Way, Inc. to retain as a fund of perpetual duration. There were no such deficiencies for the years ended December 31, 2017 and 2016.

Return Objectives and Risk Parameters

Fond du Lac Area United Way, Inc. has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historical dollar value of the endowment assets. Endowment assets must include a minimum of 40% and a maximum of 70% in stocks such as mutual funds and equities. Endowment assets also must include a minimum of 20% and a maximum of 60% in fixed income such as bonds and bond funds. Cash held has no minimum requirement but cannot exceed 15%. Funds also cannot be held in individual stock funds unless there is approval by the Board of Directors. Fond du Lac Area United Way, Inc. expects its endowment funds, over time, to provide a rate of return that exceeds the growth in consumer prices by an average of 3-4% annually over a full market cycle and over a significant number of calendar years (5 years minimum). Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Fond du Lac Area United Way, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Fond du Lac Area United Way, Inc. targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE D - OPERATIONAL ENDOWMENT - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

Fond du Lac Area United Way, Inc.'s policy states the funds in the endowment shall remain frozen until such time that the level of funds has grown to \$100,000. If needed, a resolution authorizing the withdrawal of funds must pass by a two-third vote of the entire Board of Directors.

NOTE E - CAPITAL LEASE PAYABLE

Capital lease payable consists of the following on December 31:

	<u>2017</u>	<u>2016</u>
Payable to leasing company, secured by office equipment, due in monthly installments of \$104 including principal and interest at 12.76%, through June 2019. Payment amount includes monthly maintenance and copier supplies.	\$ 1,689	\$ 2,649
	1,689	2,649
Less current maturities	(1,090)	(960)
	<u>\$ 599</u>	<u>\$ 1,689</u>
Long-term liabilities under the capital lease are as follows:		
2018		\$ 1,243
2019		622
Total minimum lease payments		<u>1,865</u>
Less: amount representing interest		(176)
Present value of minimum lease payments		<u>\$ 1,689</u>

NOTE F - RESTRICTIONS/LIMITATIONS ON NET ASSETS

Board designated net assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Technology	\$ 4	\$ 4
United Youth program	(250)	90
Venture fund	2,062	2,062
Operational endowment	152,328	131,340
Future campaign contributions	10,000	10,000
Fond du Lac Area disaster relief	837	1,830
Golf event	12,725	5,530
Eleanor Mortinson fund	755	755
Southeast Wisconsin healthcare emergency	2,729	-
Volunteer Center grant	5,650	-
Born Learning Trail	(487)	-
	<u>\$ 186,353</u>	<u>\$ 151,611</u>

FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE F - RESTRICTIONS/LIMITATIONS ON NET ASSETS - Continued

Temporarily restricted net assets are available for the following periods:

	<u>2017</u>	<u>2016</u>
2017 allocations	\$ 569,905	\$ -
2016 allocations	-	623,073
	<u>\$ 569,905</u>	<u>\$ 623,073</u>

NOTE G - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Money market funds, common stocks, corporate bonds and mutual funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	<u>2017</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents	\$ 5,035	\$ -	\$ -	\$ 5,035
Mutual funds:				
Equity:				
U.S. equity	45,225	-	-	45,225
Developed foreign	26,802	-	-	26,802
Emerging foreign	13,663	-	-	13,663
Hedged equity	7,594	-	-	7,594
Fixed income:				
U.S.	14,400	-	-	14,400
High yield	12,226	-	-	12,226
Inflation protected	8,735	-	-	8,735
Foreign emerging	4,187	-	-	4,187
Hedged fixed income	4,364	-	-	4,364
Real estate	6,610	-	-	6,610
Commodities	3,487	-	-	3,487
	<u>\$ 152,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,328</u>

**FOND DU LAC AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE G - FAIR VALUE MEASUREMENTS - Continued

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,122	\$ -	\$ -	\$ 1,122
Mutual funds:				
Equity:				
U.S. equity	39,036	-	-	39,036
Developed foreign	20,902	-	-	20,902
Emerging foreign	11,002	-	-	11,002
Hedged equity	8,631	-	-	8,631
Fixed income:				
U.S.	9,407	-	-	9,407
High yield	14,393	-	-	14,393
Inflation protected	6,467	-	-	6,467
Foreign emerging	3,971	-	-	3,971
Hedged fixed income	5,095	-	-	5,095
Real estate	7,099	-	-	7,099
Commodities	4,215	-	-	4,215
	<u>\$131,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$131,340</u>

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2017 or 2016.

NOTE H - OPERATING LEASES

The Organization rents office facilities on a month-to-month basis. Under the agreement, the Organization is required to make monthly rent payments of \$750.

Total rent expense was \$9,760 and \$9,414 for the years ended December 31, 2017 and 2016, respectively.

NOTE I - CASH FLOW DISCLOSURES

The Organization financed the acquisition of office equipment through a capital lease totaling \$3,879 during the year ended December 31, 2015.

Cash paid for interest was \$283 and \$398 for the years ended December 31, 2017 and 2016, respectively.

NOTE J - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 2, 2018, the date on which the financial statements were available to be issued.