



Financial Statements
June 30, 2019

United Way of Northern Nevada and the Sierra

United Way of Northern Nevada and the Sierra

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Independent Auditor's Report

To the Board of Directors
United Way of Northern Nevada and the Sierra
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Northern Nevada and the Sierra (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, 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.

Auditors' 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northern Nevada and the Sierra as of June 30, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 12 and 13 to the financial statements, United Way of Northern Nevada and the Sierra has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018 financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20-23 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The 2018 financial statements of United Way of Northern Nevada and the Sierra were audited by Kohn & Company LLP, who joined Eide Bailly LLP on December 3, 2018, and whose report dated November 14, 2018 expressed an unmodified audit opinion on those audited financial statements. As discussed in Note 13, the Organization discovered an error within net asset classification and accordingly has restated the accompanying 2018 summarized comparative financial statements. Kohn & Company LLP reported on the 2018 financial statements before the restatement.

As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2018 summarized comparative financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2018 summarized comparative financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 summarized comparative financial statements as a whole.



Reno, Nevada
December 18, 2019

United Way of Northern Nevada and the Sierra
Statement of Financial Position
June 30, 2019

	<u>2019</u>	<u>2018</u> (Memorandum Only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 187,081	\$ 226,046
Investments - certificates of deposit	-	49,000
Pledges receivable, net	277,069	344,268
Prepaid expenses	17,714	22,978
Total current assets	<u>481,864</u>	<u>642,292</u>
Property and Equipment, Net	32,777	34,295
Other Assets		
Cash and Investments - Endowment	268,666	201,888
Total assets	<u><u>\$ 783,307</u></u>	<u><u>\$ 878,475</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 3,382	\$ 2,165
Grants payable	79,968	-
Accrued compensated absences and payroll related expenses	35,388	33,184
Due to donor designated agencies	89,554	133,549
Total current liabilities	<u>208,292</u>	<u>168,898</u>
Net Assets		
Without donor restrictions		
Invested in property and equipment	32,777	34,295
Board designated endowment for reserves	126,345	124,000
Operating, undesignated	227,928	392,095
Total net assets without donor restrictions	<u>387,050</u>	<u>550,390</u>
With donor restrictions		
Time-restricted for future periods	45,645	20,905
Purpose restrictions	47,174	43,136
Perpetual in nature	95,146	95,146
Total net assets	<u>575,015</u>	<u>709,577</u>
Total liabilities and net assets	<u><u>\$ 783,307</u></u>	<u><u>\$ 878,475</u></u>

United Way of Northern Nevada and the Sierra
Statement of Activities
Year Ended June 30, 2019

	2019			2018
	Without Donor Restrictions	With donor Restrictions	Total	Total (Memorandum Only)
Support, Revenue, Gains (Losses) and Reclassifications				
Current campaign contributions				
Contributions	\$ 1,004,145	\$ 45,645	\$ 1,049,790	\$ 1,071,754
Less donor designations	(374,259)	-	(374,259)	(376,403)
Total campaign results for current period	629,886	45,645	675,531	695,351
Allowance for uncollectible pledges	(81,746)	-	(81,746)	(66,115)
Future campaign contributions				
Contributions for future periods	-	-	-	22,723
Allowance for uncollectible pledges	-	-	-	(1,818)
Total campaign revenue	548,140	45,645	593,785	650,141
Federal grants	4,951	-	4,951	6,233
Other grants	218,700	-	218,700	203,500
Investment income	5,042	4,038	9,080	9,923
Other income and reimbursements	3,605	-	3,605	10,964
Administrative fees for amounts raised on behalf of others	5,308	-	5,308	9,941
Net assets released from restrictions	20,905	(20,905)	-	-
Total support, revenue, gains (losses) and reclassifications	806,651	28,778	835,429	890,702
Allocations and Functional Expenses				
Program services				
Community impact projects	181,069	-	181,069	301,457
Direct program costs	535,381	-	535,381	448,312
Total program services	716,450	-	716,450	749,769
Support services	253,541	-	253,541	313,733
Total expenses	969,991	-	969,991	1,063,502
Change in Net Assets	(163,340)	28,778	(134,562)	(172,800)
Net Assets, Beginning of Year	550,390	159,187	709,577	882,377
Net Assets, End of Year	\$ 387,050	\$ 187,965	\$ 575,015	\$ 709,577

United Way of Northern Nevada and the Sierra
Statement of Functional Expenses
Year Ended June 30, 2019

	2019			2018
	Direct Program	Support Services	Total	Total (Memorandum Only)
Salaries	\$ 314,756	\$ 134,998	\$ 449,754	\$ 374,028
Payroll taxes	24,793	11,695	36,488	32,180
Employee benefits	22,562	6,856	29,418	50,822
Retirement benefits	12,237	5,630	17,867	21,286
Total salaries and related expenses	374,348	159,179	533,527	478,316
Bank fees	1,297	2,424	3,721	2,991
Community impact projects	181,069	-	181,069	301,457
Conferences	4,819	2,640	7,459	5,550
Contract services	36,008	16,078	52,086	53,056
Insurance	3,142	1,535	4,677	4,713
Marketing	11,653	4,967	16,620	27,888
Membership dues	2,421	3,119	5,540	4,422
Miscellaneous	1,437	2,217	3,654	1,032
National dues	8,716	3,919	12,635	14,654
Occupancy	57,302	26,348	83,650	87,930
Postage	569	1,103	1,672	4,776
Printing and publications	-	1,385	1,385	755
Rental and maintenance of equipment	6,507	4,557	11,064	10,336
Software	5,947	6,470	12,417	14,428
Supplies	2,992	3,519	6,511	10,371
Telephone	15,410	6,953	22,363	31,842
Travel	2,813	2,023	4,836	3,758
Total expenses before depreciation	716,450	248,436	964,886	1,058,275
Depreciation of property and equipment	-	5,105	5,105	5,227
Total Expenses	\$ 716,450	\$ 253,541	\$ 969,991	\$ 1,063,502

United Way of Northern Nevada and the Sierra

Statement of Cash Flows
Year Ended June 30, 2019

	2019	2018 (Memorandum Only)
Cash Flows from Operating Activities		
Change in net assets	\$ (134,562)	\$ (172,800)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,105	5,227
Endowment net investment (return)	(1,695)	(9,511)
Changes in certain components of working capital		
Pledges receivable, net	67,199	97,412
Prepaid expenses	5,264	(3,611)
Accounts payable	1,217	(8,132)
Accrued compensated absences and payroll related expenses	2,204	(943)
Due to designated agencies	(43,995)	55,319
Net cash flows used for operating activities	(99,263)	(37,039)
Cash Flows from Investing Activities		
Payments received on the note receivable	-	242
Purchase of equipment	(3,587)	-
Proceeds from sale of operating investments	49,000	-
(Addition to) withdrawal from endowment	(65,083)	3,945
Net cash flows from (used for) investing activities	(19,670)	4,187
Net Change in Cash and Cash Equivalents	(118,933)	(32,852)
Cash and Cash Equivalents, Beginning of Year	226,046	258,898
Cash and Cash Equivalents, End of Year	\$ 107,113	\$ 226,046

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

United Way of Northern Nevada and the Sierra (UWNNS) was incorporated in 1961 as a nonprofit corporation in the state of Nevada. UWNNS develops and distributes resources to address human service needs in Northern Nevada and the Lake Tahoe Basin. UWNNS also assesses, on a continuing basis, the community needs for human service programs and deploys financial support so as to maximize resources available to services aimed at the needs of the community.

Cash and Cash Equivalents

Cash and cash equivalents include a general checking account, cash invested in treasury reserves, and cash held in certificates of deposit. For purposes of the statement of cash flows, UWNNS considers all highly liquid debt instruments purchased with original maturities of THREE months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purpose are excluded from this definition.

Cash and cash equivalents held at June 30, 2019 is as follows:

Cash and cash equivalents	\$ 187,081
Cash held in endowments	<u>48,933</u>
	<u><u>\$ 236,014</u></u>

Investments

Investments consist of time certificates of deposit, money market funds, ETFs and pooled investments that are held by the Community Foundation of Western Nevada that are valued at their fair values in the statement of financial position. Net appreciation or depreciation in the fair value of investments, which consists of realized and unrealized gains or losses on these investments, are reflected in the statement of activities.

Grants Receivable/Deferred Grant Revenue

Grants receivable represent amounts due from grantors for services provided or expenditures incurred and are considered fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Deferred grant revenue represents grants that have been received but not yet expended at year-end.

Contributions and Pledges Receivable

UWNNS conducts an annual fundraising campaign between March 1 and February 28 to raise support for allocation to participating agencies in the subsequent year. Contributions are recognized when the donor makes an unconditional promise to give to UWNNS.

All contributions are considered to be available for without donor restrictions 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 with donor restrictions which increases that net asset class.

When a donor-stipulated time restriction ends, or a purpose restriction is accomplished, the restricted net assets are reclassified to without donor restrictions net assets and are reported in the statement of activities as net assets released from restriction.

The UWNNS campaign allows for both corporate designations and individual designations to fields of service in addition to the traditional designations to specific agencies or organizations. All agencies are required to provide UWNNS with documentation of tax-exempt status and compliance with anti-terrorism legislation. Donor designations to specific agencies are not included as revenue or allocations in the accompanying statements of activities. Designations raised from donors in each campaign are recorded as a liability. Designations eventually paid are net of fundraising and administrative costs.

Designations are recorded based on pledges that will be received directly by UWNNS and also by third party processors. The third-party processors will pay the designations directly to the appropriate agencies designated. During the years ended June 30, 2019 and 2018, UWNNS donor designated gifts total \$374,259 and \$376,403, respectively, of which \$85,006 and \$87,677, respectively, was paid by UWNNS.

Donors typically pay total pledges in installments within a twelve-month period. The commencement date of payments will vary among donors. Pledges, therefore, are usually collected within an 18-month cycle (campaign collection cycle). Pledges receivable that are expected to be collected within the campaign collection cycle are recorded at their net realizable value. Pledges receivable collected after the expected period are recorded as net cash flow if material. Conditional promises to give are not included as support until such time as the conditions are substantially met and both the timing and the value of the promise are known with reasonable certainty.

An allowance for uncollectible pledges relating to annual campaigns has been provided based on prior years' experience and expectations of management as to collectability. Campaign pledges prior to the 2015-2016 campaign have been deemed uncollectible and reserved accordingly. However, if any campaign pledges prior to the 2015-2016 campaign are collected, they will be recorded as income in the year received.

Property and Equipment

Property and equipment are recorded at cost or fair market value, if donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of five to thirty-seven years on a straight-line basis.

UWNNS's capitalization policy requires individual assets with an estimated useful life beyond one year to be capitalized if the original cost or fair value at the date of donation exceeds \$1,000.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

At June 30, 2019 and 2018, the Organization has net assets with donor restrictions which are restricted for specific purposes or specific time totaling \$92,819 and \$60,041, respectively. Of these amounts The donor restrictions which are intended funds to be invested in an endowment with only the income being used for current and future needs were \$47,174 and \$43,136 at June 30, 2019, respectively. Net assets with donor restrictions to be held in perpetuity are detailed in Note 5.

Net Asset Designations

The members of the Board of Directors have designated reserve funds of \$126,345 and \$124,000 for June 30, 2019 and 2018; respectively. The Board members, at their discretion, can revise the intended use of net assets as they deem necessary.

UWNNS has \$32,777 and \$34,295 invested in property and equipment at June 30, 2019 and 2018, respectively.

Contributed Materials and Services

Contributed materials are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have donated a significant amount of services. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services. UWNNS's annual fund-raising campaigns are significantly dependent upon the support provided by volunteers. Such volunteers provided approximately 718 and 1,600 hours of direct services during

the years ended June 30, 2019 and 2018, respectively. The value of these volunteer services is estimated to be \$25.43 and \$24.69 per hour for June 30 2019 and 2018, respectively, based upon an independent hourly rate estimate from the Independent Sector for the State of Nevada. If these services were included, revenue and program expenses would increase by approximately \$18,259 and \$39,500 for 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll costs, bank fees, insurance, marketing, occupancy, supplies, telephone and depreciation based upon time and effort.

Income Taxes

UWNNS is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as a non-private foundation. Management annually reviews its tax positions, which are summarized as follows:

- It has not engaged in activities that would jeopardize its tax-exempt status
- It has not engaged in any activities that would result in unrelated business income tax
- It has determined that there are no material uncertain tax positions that require recognition in the financial statements

Accordingly, no provision for income taxes has been made. In addition, UWNNS does not expect any material change in uncertain tax positions within the next twelve months.

Compensated Absences

UWNNS's policy is to provide for the accumulation of up to 80 hours earned vacation leave which is fully vested when earned. UWNNS recognizes the expenses and liability for compensated absences as the leave is earned. Sick days and other accumulated paid absences are not vested and therefore UWNNS recognizes the costs for sick days and other absences when paid.

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through December 18, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

Note 2 - Liquidity Note

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Liquidity	
Cash and cash equivalents	\$ 187,081
Pledges receivable, net	<u>277,069</u>
	<u>\$ 464,150</u>

Note 3 - Investments and Fair Value

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. UWNNS uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, UWNNS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

The fair value of money market funds and ETFs are based on quoted market prices when available.

Level 2 Fair Value Measurements

The fair values of certificates of deposit for which quoted market prices are not available are valued based on stated interest rates and accrued interest based on the financial institution statements. The fair value of certificates of deposit valued at Level 2 significant other observable inputs totals \$0 and \$49,000 at June 30, 2019 and 2018, respectively. Interest and dividend income are reported in changes in net assets as investment income.

Level 3 Fair Value Measurements

The fair value of pooled investments is available and is provided by the investment manager in quarterly statements. Detailed investment holdings are not provided.

Following is a summary of the investments held at June 30:

	2019			Total
	Level 1	Level 2	Level 3	
Exchange traded funds	\$ 214,243	\$ -	\$ -	\$ 214,243
Pooled investments	-	-	5,490	5,490
	<u>\$ 214,243</u>	<u>\$ -</u>	<u>\$ 5,490</u>	<u>\$ 219,733</u>

	2018			Total
	Level 1	Level 2	Level 3	
Exchange traded funds	\$ 214,243	\$ -	\$ -	\$ 214,243
Certificates of deposit	-	49,000	-	49,000
Pooled investments	-	-	5,490	5,490
	<u>\$ 214,243</u>	<u>\$ 49,000</u>	<u>\$ 5,490</u>	<u>\$ 268,733</u>

Following is a summary of the changes in Level 3 investments for the years ended June 30:

	Pooled Investments	
	2019	2018
Beginning balance	\$ 5,490	\$ 121,322
Investment income	-	-
Net realized and unrealized gain (loss)	-	6,975
Expenses	-	(1,409)
Transfer	-	(121,398)
Ending balance	<u>\$ 5,490</u>	<u>\$ 5,490</u>

Gains and losses (realized and unrealized), interest and dividend income and investment fees are reported net as investment income (loss) in the statement of activities

Note 4 - Pledges Receivable

The following unconditional promises to give are included in pledges receivable at June 30:

	<u>2019</u>	<u>2018</u>
2015-2016 Campaign	\$ -	\$ 113,492
2016-2017 Campaign	-	107,989
2017-2018 Campaign	98,165	400,128
2018-2019 Campaign	374,433	1,371
2019-2020 Campaign	5,087	-
	<u>477,685</u>	<u>622,980</u>
Allowance for uncollectible accounts	<u>(200,616)</u>	<u>(278,712)</u>
	<u>\$ 277,069</u>	<u>\$ 344,268</u>

The balance of the net pledges receivable from the current campaigns would be expected to be received over eleven months from the date of the statement of financial position. The balance of the net pledges receivable from the future campaigns would be expected to be received over twenty-three months from the date of the statement of financial position.

Pledges receivable are unsecured and concentrated throughout northern Nevada and the surrounding areas. The ability to collect these pledges may be dependent on economic conditions. Management closely monitors the collection history of large companies and large employee-based pledges as they represent a significant percent of the pledges receivable at June 30, 2019 and 2018.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 25,432	\$ 25,432
Equipment	39,765	36,177
Office furniture and fixtures	48,984	48,984
	<u>114,181</u>	<u>110,593</u>
Less: accumulated depreciation	<u>(81,404)</u>	<u>(76,298)</u>
	<u>\$ 32,777</u>	<u>\$ 34,295</u>

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Net campaign pledges received for subsequent pledge year	\$ 45,645	\$ 20,905

Note 7 - Endowments

UWNNS receives certain contributions from fund raising efforts to an endowment fund to be held in perpetuity. The principal is restricted and may not be expended for operations or programs, nor can it be used as a loan fund to UWNNS or any partner agencies. The principal shall be invested in accordance with the investment objectives, providing for a balanced total return with capital preservation. It is the intent to have the operating costs of UWNNS paid by the investment earnings. When that goal is achieved, all of the campaign proceeds (pledges) will be distributed 100% to programs meeting community needs. UWNNS has funds designated by the Board of Directors to function as endowments. Such endowments are established for a variety of purposes related to UWNNS's operations and collections.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported as net assets without donor restrictions and with donor restriction based solely on the existence or absence of donor-imposed restrictions.

The endowment funds are classified as follows at June 30:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 126,346	\$ -	\$ 126,346
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	95,146	95,146
Accumulated investment gains	-	47,174	47,174
Total	\$ 126,346	\$ 142,320	\$ 268,666
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 124,000	\$ -	\$ 124,000
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	95,146	95,146
Accumulated investment gains	-	43,136	43,136
Total	\$ 124,000	\$ 138,282	\$ 262,282

United Way of Northern Nevada and the Sierra

Notes to Financial Statements

June 30, 2019

Following is a summary of the changes in endowment fund net assets for the years ended June 30:

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 124,000	\$ 138,282	\$ 262,282
Contributions	-	-	-
Investment income, net of fees	2,346	4,038	6,384
Appropriation for expenditures	-	-	-
Reclassification of accumulated earnings available for expenditure	-	-	-
Endowment net assets, end of year	\$ 126,346	\$ 142,320	\$ 268,666
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 131,429	\$ 131,316	\$ 262,745
Contributions	243	1,400	1,643
Investment income, net of fees	-	5,566	5,566
Appropriation for expenditures	(7,672)	-	(7,672)
Reclassification of accumulated earnings available for expenditure	-	-	-
Endowment net assets, end of year	\$ 124,000	\$ 138,282	\$ 262,282

Interpretation of Relevant Law

In the absence of explicit donor stipulations to the contrary, the Prudent Management of Institutional Funds Act (Uniform Act) as set forth in Chapter 164 of the Nevada Revised Statutes requires the preservation of the fair value of the gift as of the gift date for net assets with donor restrictions.

As a result of this interpretation, UWNNS classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment held in perpetuity, (b) the original value of subsequent gifts to the endowment held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by UWNNS in a manner consistent with the standard of prudence described in Uniform Act.

UWNNS takes into consideration the following factors in its determination to appropriate or accumulate donor-restricted endowment funds in accordance with Uniform Act:

- The duration and preservation of the fund
- The purposes of UWNNS and the donor-restricted endowment funds
- General economic conditions, including the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of UWNNS
- From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Act requires to be retained as perpetual fund. Such deficiencies are reflected as decreases in without donor restrictions or with donor restricted net assets for the period.

Return Objectives and Risk Parameters

The investment policy includes the review of funds to include short-term, intermediate and long-term objectives. The short-term objectives will emphasize liquidity and safety; the intermediate objectives will emphasize capital preservation; and the long-term objectives will balance total return with capital preservation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, UWNNS 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). UWNNS targets a diversified asset allocation plan within prudent risk constraints. The Investment Committee of the Board of Directors reviews this plan periodically with its investment advisors.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The designated funds have been set aside for future purposes and will be spent at a time the Board deems necessary for the purpose as originally designated. Investment earnings on the permanently restricted endowment funds will be expended when such annual earnings are equal to annual operating costs.

Other Endowments

In addition to the above, an endowment in the amount of \$8,343 is held with the Community Foundation of Western Nevada for the benefit of UWNNS as a donor advised fund and is properly not included on UWNNS's financial statements in accordance with generally accepted accounting principles.

Note 8 - Pension Plan

UWNNS contributes to the Fidelity Simplified Employee Pension Plan Individual Retirement Account, which covers substantially all employees. Contributions by UWNNS are fully vested to the employees on the contribution date. For the years ended June 30, 2019 and 2018, UWNNS contributed \$17,867 and \$21,286, respectively, to the plan.

Note 9 - Operating Leases

UWNNS leases certain equipment under agreements that are classified as operating leases. The agreements expire at various times through March 2022. In addition, UWNNS entered into an operating lease in February 2017 to rent office space for \$6,497 per month with annual escalation clauses through January 2022. Rent expense totaled \$82,214 and \$82,472 for the years ended June 30, 2019 and 2018, respectively. Future minimum rental payments on the above noncancelable operating leases are the following:

<u>Years Ending June 30,</u>		
2020	\$	88,472
2021		91,472
2022		54,922

Note 10 - Concentration of Credit Risk

UWNNS's cash balances are maintained in one financial institution in which the bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019 the Organization's bank balances exceeded insurance limits by \$10,649.

Note 11 - Contingencies**Self-Insured State Unemployment Tax**

UWNNS is self-insured for state unemployment tax and participates in the 501 (c) Agencies Trust (Trust). No annual deposit was required for the program year ended June 30, 2019. The Trust seeks to reduce the loss that may occur and maintains reinsurance for claims in excess of approximately \$10,000 as of June 30, 2019. The fact that the Trust maintains excess insurance does not change the fact that the primary liability for unemployment remains with UWNNS. At June 30, 2019 and 2018, UWNNS has \$12,717 and \$14,017, respectively, in trust reserve to cover the liability and this amount is reflected as prepaid expenses in the accompanying financial statements.

Note 12 - Change in Accounting Policy

As of January 1, 2018, UWNNS adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for United Way of Northern Nevada and the Sierra's donor restricted endowment fund. The ASU introduces new disclosure requirements to improve a financial statement user's ability to assess the UWNNS' liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statement of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. United Way of Northern Nevada and the Sierra has elected not to present comparative information for liquidity and availability of resources.

UWNNS has adopted this standard as management believes the standard improves the usefulness and understandability of UWNNS' financial reporting.

Note 13 - Restatement from Change in Accounting Policy and Correction of Error

As disclosed in Note 12, United Way of Northern Nevada and the Sierra adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of June 30, 2019. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in UWNNS June 30, 2018 net assets.

The effect on UWNNS' statement of financial position as of June 30, 2018, prior to the correction an error for endowment earnings, is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Unrestricted	\$ 593,526	\$ (593,526)	\$ -
Temporarily restricted net assets	20,905	(20,905)	-
Permanently restricted net assets	95,146	(95,146)	-
Net assets without donor restrictions	-	550,390	550,390
Net assets with donor restrictions	-	159,187	159,187

United Way of Northern Nevada and the Sierra

Notes to Financial Statements

June 30, 2019

The effect on UWNNS statement of activities, prior to the correction of an error for endowment earnings, for the year ended June 30, 2019 is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Net assets, beginning of year			
Unrestricted	\$ 780,333	\$ (780,333)	\$ -
Temporarily restricted net assets	8,298	(8,298)	-
Permanently restricted net assets	93,746	(93,746)	-
Net assets without donor restrictions	-	780,333	780,333
Net assets with donor restrictions	-	102,044	102,044
	\$ 882,377	\$ -	\$ 882,377
Net assets, end of year			
Unrestricted	\$ 593,526	\$ (593,526)	\$ -
Temporarily restricted net assets	20,905	(20,905)	-
Permanently restricted net assets	95,146	(95,146)	-
Net assets without donor restrictions	-	550,390	550,390
Net assets with donor restrictions	-	159,187	159,187
	\$ 709,577	\$ -	\$ 709,577

During 2019, management identified an error within previously issued financial statements that, when evaluated in the aggregate, warranted restatement of those financial statements. The June 30, 2018 financial statements reported endowment earnings as unrestricted earnings. Accordingly, amounts for net assets without donor restrictions and net assets with donor restrictions have been restated in the 2018 financial statements now presented.

The effect on UWNNS' statement of financial position for the year ended June 30, 2018 is as follows:

	As Previously Reported	Adjustment	As Restated
Net assets without donor restrictions	\$ 43,136	\$ (43,136)	\$ -
Net assets with donor restrictions	-	43,136	43,136

The effect on UWNNS' statement of activities for the year ended June 30, 2019 is as follows:

	As Previously Reported	Adjustment	As Restated
Net assets, beginning of year			
Net assets without donor restrictions	\$ 43,136	\$ (43,136)	\$ -
Net assets with donor restrictions	-	43,136	43,136
	\$ 43,136	\$ -	\$ 43,136



Supplementary Information
June 30, 2019

United Way of Northern Nevada and the Sierra

United Way of Northern Nevada and the Sierra

Direct Program Costs
Year Ended June 30, 2019

	2019			2018
	Education Engagement	Community Impact Giving	Total	Total (Memorandum Only)
Salaries	\$ 75,701	\$ 239,055	\$ 314,756	\$ 221,649
Payroll taxes	5,985	18,808	24,793	18,394
Employee benefits	7,829	14,733	22,562	34,122
Retirement benefits	5,352	6,885	12,237	14,228
Total salaries and related expenses	94,867	279,481	374,348	288,393
Bank fees	462	835	1,297	865
Community impact projects	181,069	-	181,069	301,457
Conferences	2,624	2,195	4,819	3,301
Contract services	12,490	23,518	36,008	32,271
Insurance	1,068	2,074	3,142	2,934
Marketing	2,965	8,688	11,653	14,531
Membership dues	874	1,547	2,421	1,876
Miscellaneous	1,164	273	1,437	543
National dues	2,929	5,787	8,716	9,232
Occupancy	19,297	38,005	57,302	49,300
Postage	227	342	569	339
Printing and publications	-	-	-	-
Rental and maintenance of equipment	1,961	4,546	6,507	4,428
Software	2,647	3,300	5,947	7,413
Supplies	616	2,376	2,992	7,885
Telephone	5,121	10,289	15,410	19,724
Travel	334	2,479	2,813	2,005
Total expenses before depreciation	330,715	385,735	716,450	746,497
Depreciation of property and equipment	-	-	-	3,272
Total Expenses	\$ 330,715	\$ 385,735	\$ 716,450	\$ 749,769

United Way of Northern Nevada and the Sierra

Support Services Expenses

Year Ended June 30, 2019

	2019			2018
	Accountability Operations	Resource Development	Total	Total (Memorandum Only)
Salaries	\$ 52,810	\$ 82,188	\$ 134,998	\$ 152,379
Payroll taxes	5,350	6,345	11,695	13,786
Employee benefits	4,336	2,520	6,856	16,700
Retirement benefits	3,505	2,125	5,630	7,058
Total salaries and related expenses	66,001	93,178	159,179	189,923
Bank fees	1,803	621	2,424	2,126
Conferences	1,104	1,536	2,640	2,249
Contract services	6,372	9,706	16,078	20,785
Insurance	613	922	1,535	1,779
Marketing	1,391	3,576	4,967	13,357
Membership dues	2,499	620	3,119	2,546
Miscellaneous	1,908	309	2,217	489
National dues	1,410	2,509	3,919	5,422
Occupancy	9,757	16,591	26,348	38,630
Postage	133	970	1,103	4,437
Printing and publications	-	1,385	1,385	755
Rental and maintenance of equipment	2,415	2,142	4,557	5,908
Software	1,209	5,261	6,470	7,015
Supplies	842	2,677	3,519	2,486
Telephone	2,466	4,487	6,953	12,118
Travel	-	2,023	2,023	1,753
Total expenses before depreciation	99,923	148,513	248,436	311,778
Depreciation of property and equipment	5,105	-	5,105	1,955
Total Expenses	\$ 105,028	\$ 148,513	\$ 253,541	\$ 313,733

United Way of Northern Nevada and the Sierra

Campaign Results

Year Ended June 30, 2019

Campaign Results	
Current year campaign results	\$ 1,049,790
Donor designations	<u>(374,259)</u>
Undesignated campaign contributions	<u>\$ 675,531</u>

United Way of Northern Nevada and the Sierra
 Functional Expenses (Overhead) Calculation
 Year Ended June 30, 2019

	Amount	Percent
Allocations and Functional Expenses		
Allocations and community services		
Funds allocated to community agencies	\$ 181,069	13.5%
Funds allocated through donor designations	374,259	27.8%
Direct program costs	535,381	39.8%
Total allocations and community services	1,090,709	81.1%
Support expenses		
Fund raising	146,004	10.9%
Management and general	103,618	7.7%
Dues to United Way of America	3,919	0.3%
Total overhead expenses	253,541	18.9%
Total Allocations and Functional Expenses	\$ 1,344,250	100.0%