

**UNITED WAY OF MONMOUTH AND OCEAN COUNTIES**

*FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

**YEARS ENDED JUNE 30, 2019 AND 2018**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
United Way of Monmouth and Ocean Counties  
Wall Township, New Jersey**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of United Way of Monmouth and Ocean Counties (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

### *Management 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Monmouth and Ocean Counties as of June 30, 2019 and 2018, 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.

**To the Board of Directors  
United Way of Monmouth and Ocean Counties  
Wall Township, New Jersey**

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Statements of Grants to Agencies and Additional Resources Generated on pages 17-18, are presented for purposes of additional analysis and are not a required part of the basic 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.

*Tait, Weller & Baker LLP*

**Iselin, New Jersey  
December 9, 2019**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF FINANCIAL POSITION

June 30, 2019 And 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 646,845	\$ 1,168,646
Investments ( <i>Note 3</i> )	791,020	852,166
Pledges receivable, net ( <i>Note 2</i> )	798,489	859,583
Other receivables	51,636	21,861
Gift of Warmth receivable ( <i>Note 5</i> )	80,000	80,000
Prepaid expenses	16,343	15,082
Rent security deposits	16,968	2,520
Property and equipment, net ( <i>Note 4</i> )	<u>23,242</u>	<u>34,207</u>
<b>Total Assets</b>	<u>\$ 2,424,543</u>	<u>\$ 3,034,065</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and payroll related payables	\$ 62,774	\$ 72,574
Deferred revenues	2,774	2,817
Designations and grants payable	<u>711,151</u>	<u>975,499</u>
<b>Total Liabilities</b>	<u>776,699</u>	<u>1,050,890</u>
<b>NET ASSETS</b>		
<b>Without Donor Restrictions (<i>Note 5</i>)</b>		
Available for operations	1,343,892	1,676,567
Investment in property and equipment	<u>23,242</u>	<u>34,207</u>
<b>Total Without Donor Restrictions</b>	1,367,134	1,710,774
<b>With Donor Restrictions (<i>Note 5</i>)</b>	<u>280,710</u>	<u>272,401</u>
<b>Total Net Assets</b>	<u>1,647,844</u>	<u>1,983,175</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,424,543</u>	<u>\$ 3,034,065</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended June 30, 2019 And 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Gross Campaign Results:	\$ 1,587,323	\$ 245,759	\$ 1,833,082	\$ 2,800,665	\$ 239,353	\$ 3,040,018
Less: Donor designations	(563,258)	-	(563,258)	(1,246,091)	-	(1,246,091)
Provision for uncollectible	(72,120)	-	(72,120)	(101,113)	-	(101,113)
Campaign contributions revenue	951,945	245,759	1,197,704	1,453,461	239,353	1,692,814
Other revenue, gains (losses) and other support:						
Government grant revenue	88,431	-	88,431	36,205	-	36,205
Grant income	123,300	-	123,300	154,800	-	154,800
Special events, net of direct costs of \$76,249 and \$88,341 in 2018 and 2017	102,536	-	102,536	159,095	-	159,095
Designations from other United Way's	204,728	-	204,728	236,708	-	236,708
Service fees	1,697	-	1,697	8,171	-	8,171
Donations in-kind (Note 11)	113,247	-	113,247	151,299	-	151,299
Investment income	20,419	-	20,419	15,403	-	15,403
Miscellaneous revenue	807	-	807	-	-	-
Net assets released from restrictions due to satisfaction of requirements (Note 5)	237,450	(237,450)	-	186,212	(186,212)	-
<b>Total other revenue and gains (losses)</b>	<b>892,615</b>	<b>(237,450)</b>	<b>655,165</b>	<b>947,893</b>	<b>(186,212)</b>	<b>761,681</b>
<b>Total revenue, gains and other support</b>	<b>1,844,560</b>	<b>8,309</b>	<b>1,852,869</b>	<b>2,401,354</b>	<b>53,141</b>	<b>2,454,495</b>
<b>EXPENSES</b>						
Program services:						
Gross funds awarded/distributed	1,176,828	-	1,176,828	2,025,890	-	2,025,890
Less: donor designations	(563,258)	-	(563,258)	(1,246,091)	-	(1,246,091)
Net funds awarded/distributed	613,570	-	613,570	779,799	-	779,799
Community Service	382,775	-	382,775	386,264	-	386,264
Volunteer Center	346,869	-	346,869	361,431	-	361,431
Gift of Warmth/DOVIA	237,450	-	237,450	184,232	-	184,232
<b>Total program services</b>	<b>1,580,664</b>	<b>-</b>	<b>1,580,664</b>	<b>1,711,726</b>	<b>-</b>	<b>1,711,726</b>
Supporting services:						
Administrative	261,639	-	261,639	309,383	-	309,383
Fundraising	356,958	-	356,958	369,888	-	369,888
<b>Total supporting services</b>	<b>618,597</b>	<b>-</b>	<b>618,597</b>	<b>679,271</b>	<b>-</b>	<b>679,271</b>
<b>Total expenses</b>	<b>2,199,261</b>	<b>-</b>	<b>2,199,261</b>	<b>2,390,997</b>	<b>-</b>	<b>2,390,997</b>
<b>Excess (deficit) of revenue over expenses</b>	<b>(354,701)</b>	<b>8,309</b>	<b>(346,392)</b>	<b>10,357</b>	<b>53,141</b>	<b>63,498</b>
<b>OTHER CHANGES</b>						
Realized and unrealized gains	11,061	-	11,061	13,784	-	13,784
<b>Increase/(decrease) in net assets</b>	<b>(343,640)</b>	<b>8,309</b>	<b>(335,331)</b>	<b>24,141</b>	<b>53,141</b>	<b>77,282</b>
<b>NET ASSETS</b>						
<b>Beginning of year</b>	<b>1,710,774</b>	<b>272,401</b>	<b>1,983,175</b>	<b>1,686,633</b>	<b>219,260</b>	<b>1,905,893</b>
<b>End of year</b>	<b>\$ 1,367,134</b>	<b>\$ 280,710</b>	<b>\$ 1,647,844</b>	<b>\$ 1,710,774</b>	<b>\$ 272,401</b>	<b>\$ 1,983,175</b>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2019

	PROGRAM				SUPPORTING SERVICES			Grand Total
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising	Total	
Awards/Distributions	\$ 1,176,828	\$ -	\$ -	\$ 1,176,828	\$ -	\$ -	\$ -	\$ 1,176,828
Less Donor Designations	(563,258)	-	-	(563,258)	-	-	-	(563,258)
Subtotal	<u>613,570</u>	<u>-</u>	<u>-</u>	<u>613,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,570</u>
Labor and related expenses	220,929	172,170	-	393,099	168,369	254,249	422,618	815,717
Occupancy	30,477	13,356	-	43,833	14,983	26,384	41,367	85,200
Professional Services	14,577	12,525	-	27,102	25,354	21,313	46,667	73,769
Promotion and Marketing	4,338	120	-	4,458	-	8,791	8,791	13,249
Sponsored Expenses	-	1,638	-	1,638	-	-	-	1,638
United Way Dues	7,140	6,135	-	13,275	5,929	10,440	16,369	29,644
IT and Telephone	10,983	4,268	-	15,251	4,125	7,263	11,388	26,639
Insurance	-	927	-	927	17,755	-	17,755	18,682
Miscellaneous	914	739	-	1,653	10,039	4,892	14,931	16,584
Equipment Maintenance and Rentals	4,367	7,752	-	12,119	3,626	6,385	10,011	22,130
Depreciation	2,641	2,269	-	4,910	2,193	3,862	6,055	10,965
Printing and Postage	11,101	3,946	-	15,047	3,813	6,714	10,527	25,574
Program Expenses	1,750	4,885	-	6,635	-	-	-	6,635
Conference and Travel	4,558	4,560	-	9,118	3,785	6,665	10,450	19,568
2-1-1 Information Referral Services	69,000	-	-	69,000	-	-	-	69,000
Donations In-Kind	-	111,579	-	111,579	1,668	-	1,668	113,247
Gift of Warmth Utility Assistance	-	-	237,450	237,450	-	-	-	237,450
Subtotal	<u>382,775</u>	<u>346,869</u>	<u>237,450</u>	<u>967,094</u>	<u>261,639</u>	<u>356,958</u>	<u>618,597</u>	<u>1,585,691</u>
Total functional expenses	<u>\$ 996,345</u>	<u>\$ 346,869</u>	<u>\$ 237,450</u>	<u>\$ 1,580,664</u>	<u>\$ 261,639</u>	<u>\$ 356,958</u>	<u>\$ 618,597</u>	<u>\$ 2,199,261</u>

See notes to financial statements.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2018

	PROGRAM				SUPPORTING SERVICES			Grand Total
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising	Total	
Awards/Distributions	\$ 2,025,890	\$ -	\$ -	\$ 2,025,890	\$ -	\$ -	\$ -	\$ 2,025,890
Less Donor Designations	<u>(1,246,091)</u>	-	-	<u>(1,246,091)</u>	-	-	-	<u>(1,246,091)</u>
Subtotal	<u>779,799</u>	-	-	<u>779,799</u>	-	-	-	<u>779,799</u>
Labor and related expenses	205,509	168,240	-	373,749	201,419	264,789	466,208	839,957
Occupancy	30,266	13,651	-	43,917	19,667	21,633	41,300	85,217
Professional Services	10,727	8,582	-	19,309	24,585	12,744	37,329	56,638
Promotion and Marketing	-	-	-	-	-	35,012	35,012	35,012
Sponsored Expenses	30,891	-	-	30,891	-	-	-	30,891
United Way Dues	7,322	5,857	-	13,179	7,907	8,698	16,605	29,784
IT and Telephone	10,125	3,425	-	13,550	4,624	5,087	9,711	23,261
Insurance	-	927	-	927	21,595	-	21,595	22,522
Miscellaneous	1,900	2,333	-	4,233	12,015	4,433	16,448	20,681
Equipment Maintenance and Rentals	3,931	7,145	-	11,076	4,246	4,670	8,916	19,992
Depreciation	4,866	3,892	-	8,758	5,255	5,780	11,035	19,793
Printing and Postage	3,578	2,863	-	6,441	3,865	4,251	8,116	14,557
Program Expenses	1,750	11,766	-	13,516	-	-	-	13,516
Conference and Travel	2,349	1,879	-	4,228	2,537	2,791	5,328	9,556
2-1-1 Information Referral Services	73,050	-	-	73,050	-	-	-	73,050
Donations In-Kind	-	130,871	-	130,871	1,668	-	1,668	132,539
Gift of Warmth Utility Assistance	-	-	<u>184,232</u>	<u>184,232</u>	-	-	-	<u>184,232</u>
Subtotal	<u>386,264</u>	<u>361,431</u>	<u>184,232</u>	<u>931,927</u>	<u>309,383</u>	<u>369,888</u>	<u>679,271</u>	<u>1,611,198</u>
Total functional expenses	<u>\$ 1,166,063</u>	<u>\$ 361,431</u>	<u>\$ 184,232</u>	<u>\$ 1,711,726</u>	<u>\$ 309,383</u>	<u>\$ 368,888</u>	<u>\$ 679,271</u>	<u>\$ 2,390,997</u>

See notes to financial statements.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2019 And 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (335,331)	\$ 77,282
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>		
Depreciation	10,965	19,793
Realized and unrealized gains on investments	(11,061)	(13,784)
Change in operating assets and liabilities:		
Pledges receivable	61,094	(39,417)
Other receivables	(29,775)	25,799
Prepaid expenses	(1,261)	9,015
Rent security deposit	(14,448)	1,852
Accounts payable and payroll related payables	(9,800)	(40,374)
Designations payable	(264,348)	189,914
Deferred income	(43)	2,817
<b>Net cash provided by (used for) operating activities</b>	<u>(594,008)</u>	<u>232,897</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(243,843)	(366,125)
Sale/maturity of investments	<u>316,050</u>	<u>280,419</u>
<b>Net cash provided by (used for) investing activities</b>	<u>72,207</u>	<u>(85,706)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(521,801)	147,191
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,168,646</u>	<u>1,021,455</u>
<b>End of year</b>	<u>\$ 646,845</u>	<u>\$ 1,168,646</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019 And 2018

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***NATURE OF ORGANIZATION***

United Way of Monmouth and Ocean Counties ("***United Way***"), originally incorporated in 1967 as United Way of Monmouth County, is a not-for-profit organization located in Monmouth and Ocean Counties, New Jersey. While maintaining a service relationship with United Way Worldwide, United Way is autonomous, independent and governed by a local Board of Directors. United Way's mission is "to mobilize donors, volunteers, and community partners to improve the lives of youth and their families". United Way has also been active in the recovery from Superstorm Sandy. United Way's revenues are derived primarily from individual donations, corporate giving and government grants.

On July 1, 2016, United Way of Monmouth County completed its merger with United Way of Ocean County and renamed the organization as United Way of Monmouth and Ocean Counties. Upon execution of the merger, all assets and liabilities of United Way of Ocean County were transferred to United Way of Monmouth and Ocean Counties.

#### ***ACCRUAL BASIS OF ACCOUNTING***

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

#### ***NET ASSETS***

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way are classified and reported as follows:

***Without donor restrictions*** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of United Way.

- ***Available for operations*** – used to account for the general activity of United Way.
- ***Investment in property and equipment*** – represents the net book value of property and equipment.

***With donor restrictions*** – Net assets subject to donor-imposed restrictions that will be met either by actions of United Way or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

**June 30, 2019 And 2018**

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### ***REVENUE RECOGNITION***

Revenue is derived primarily from contributions and grants. Contributions are recognized when received or when the donor makes an unconditional promise to give to United Way. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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. Grant income from restricted grants is recognized in the period when the United Way has incurred the expenditures in compliance with the specific restrictions. United Way accounts for contract revenues, which are exchanged transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract is recorded as a liability to the grantor as United Way does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as amounts due to government agencies and included in accounts payable and other current liabilities in the statement of financial position.

### ***CONTRIBUTED PROPERTY AND SERVICES***

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

### ***INCOME TAXES***

United Way has adopted the accounting standard relating to accounting for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, United Way has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. There are no income tax related penalties or interest for the periods presented in these financial statements.

### ***USE OF ESTIMATES***

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

### ***RECLASSIFICATIONS***

Certain reclassifications were made to the 2018 financial statements to conform to the 2019 presentation.

# UNITED WAY OF CENTRAL JERSEY, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### **PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost if purchased or fair market value if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and fixtures	5
Computer equipment and software	3-5
Equipment	5
Leasehold improvements	3

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized in property and equipment.

### **INVESTMENTS**

Investments are reported at their fair value in the statements of financial position and consist of certificates of deposits and mutual funds. Realized and unrealized gains and losses are included in the statements of activities.

### **CASH EQUIVALENTS**

For the purpose of the statements of financial position and the statements of cash flows, United Way considers all cash on hand, cash in banks, and cash in money markets as cash equivalents.

### **FUNCTIONAL ALLOCATION OF EXPENSES**

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

### **RECENT ACCOUNTING PRONOUNCEMENTS**

In 2019, United Way adopted Accounting Standards Update (ASU) 2016-14, Presentation of the Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

<u>Net Asset Classifications</u>	<u>ASU 2016-14 Classification</u>		<u>Total Net Assets</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
As previously presented:			
Unrestricted	\$ 1,710,774	\$ -	\$ 1,710,774
Temporarily Restricted	<u>-</u>	<u>272,401</u>	<u>272,401</u>
	<u>\$ 1,710,774</u>	<u>\$ 272,401</u>	<u>\$ 1,983,175</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### **NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP), including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year this ASU is first applied. United Way plans to adopt this new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. This ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. United Way plans to adopt this new ASU at the required implementation date.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. This ASU should be applied using a modified prospective basis. United Way plans to adopt this new ASU at the required implementation date.

## (2) PLEDGES RECEIVABLE

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties on behalf of United Way and its participating agencies that have not yet been received. Campaign receivables consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
2017 – 2018 Campaign Receivables	\$ -	\$ 960,696
2018 – 2019 Campaign Receivables	<u>870,609</u>	<u>-</u>
	870,609	960,696
Less: Allowance for uncollectible pledges	<u>(72,120)</u>	<u>(101,113)</u>
Pledges receivables, net	<u>\$ 798,489</u>	<u>\$ 859,583</u>

All pledges receivable are due within one year for 2019 and 2018.

The carrying amount of receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management's discretion.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### (3) INVESTMENTS

At June 30, 2019 and 2018, investments consisted of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ 241,595	\$ 241,595	\$ 238,392	\$ 238,392
Mutual Funds	<u>533,672</u>	<u>549,425</u>	<u>590,876</u>	<u>613,774</u>
Total Investments	<u>\$ 775,267</u>	<u>\$ 791,020</u>	<u>\$ 829,268</u>	<u>\$ 852,166</u>

As of June 30, 2019 and 2018 net unrealized gains consisted of \$15,753 and \$22,898, respectively.

United Way utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that United Way has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing United Way’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities.

All of United Way’s securities were classified as Level 1 securities as of June 30, 2019 and 2018.

There were no transfers between Level 1 and Level 2 during the years ended June 30, 2019 or 2018.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### (4) PROPERTY AND EQUIPMENT

The components of property and equipment are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 66,404	\$ 66,404
Furniture	44,393	44,393
Office equipment	19,163	19,163
Leasehold improvements	<u>44,975</u>	<u>44,975</u>
	174,935	174,935
Less: accumulated depreciation	<u>(151,693)</u>	<u>(140,728)</u>
Total property and equipment, net	<u>\$ 23,242</u>	<u>\$ 34,207</u>

Depreciation included as a charge to expense amounted to \$10,965 and \$19,793 for the years ended June 30, 2019 and 2018, respectively.

### (5) NET ASSETS

#### ***WITHOUT DONOR RESTRICTIONS***

Net assets without donor restrictions are available for the following uses as of June 30:

	<u>2019</u>	<u>2018</u>
Available for operations	\$ 1,343,892	\$ 1,676,567
Investment in property and equipment	<u>23,242</u>	<u>34,207</u>
	<u>\$ 1,367,134</u>	<u>\$ 1,710,774</u>

#### ***WITH DONOR RESTRICTIONS***

Net assets with donor restrictions are available for the following use of June 30:

	<u>2019</u>	<u>2018</u>
United Way – NJ Natural Gas Gift of Warmth Program	<u>\$280,710</u>	<u>\$272,401</u>

Significant classes of net assets with donor restrictions include:

#### ***GIFT OF WARMTH***

United Way receives funds and is the trustee for the United Way – NJ Natural Gas Gift of Warmth program (“*Gift of Warmth*”). The program assists customers in paying their heating bills during times of financial hardship. Every dollar donated goes directly to those in need. New Jersey Natural Gas matches 100% of donations made up to \$80,000. The activity for this program is reflected as net assets with donor restrictions. A receivable existed in the amount of \$80,000 at June 30, 2019 and 2018, representing the match for the 2019 and 2018 fiscal years respectively.

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

	<u>2019</u>	<u>2018</u>
Gift of Warmth Program	\$237,450	\$184,232
DOVIA	<u>-</u>	<u>1,980</u>
	<u>\$237,450</u>	<u>\$186,212</u>

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# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### (6) LEASES

#### *OPERATING LEASE*

##### Office Space

United Way had a lease agreement for office space for its main operations which was set to expire November 30, 2018. The lease was extended to July 31, 2019 under the same terms with monthly rent of \$4,550.

In connection with the merger agreement with United Way of Ocean County (See Note 1), United Way had an additional lease for office space under a lease agreement which expires on July 31, 2019, with monthly rent of \$1,250.

On April 15, 2019, United Way entered into a new lease agreement for office space for its main operations. The lease will commence on October 1, 2019 and expires on September 30, 2024, with monthly rent payments of \$7,667 subject to annual increases of 3%.

Additionally, United Way leases office space for its Financial Success Center under a lease agreement which expires February 28, 2021, with monthly rent of \$696.

Rent expense was \$77,947 and \$77,572 for the years ended June 30, 2019 or 2018, respectively.

Future minimum lease payments under all leases is as follows at June 30, 2019:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 73,746
2021	96,507
2022	96,900
2023	99,807
2024	102,801
Thereafter	<u>25,889</u>
Total operating lease obligation	<u>\$495,650</u>

##### Office Equipment

United Way leases various office equipment under agreements scheduled to end in January 2023. Base rent expense for the equipment totaled \$9,141 and \$8,968 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments are as follows at June 30, 2019:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 5,176
2021	5,176
2022	5,176
2023	<u>3,020</u>
Total operating lease obligation	<u>\$ 18,548</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### (7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

United Way strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and certificates of deposit maturing within one year. As part of the United Way's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects United Way's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	<u>2019</u>
<b>Financial Assets</b>	
Cash and cash equivalents	\$ 646,845
Investments	791,020
Pledges receivable (due within one year)	798,489
Other receivables	51,636
Gift of Warmth receivable	<u>80,000</u>
Total financial assets	2,367,990
Less:	
Net assets with donor restrictions	<u>(280,710)</u>
Financial assets available to meet general expenditures within one year	<u>\$2,087,280</u>

### (8) CONCENTRATIONS OF CREDIT AND OTHER RISKS

Financial instruments which potentially subject United Way to significant concentrations of credit risk consist principally of cash and equivalents, investments and pledges receivable.

United Way maintains cash and equivalents and certificates of deposit with various financial institutions. These financial institutions are located throughout the region and United Way's policy is designed to limit exposure to any one institution. United Way performs periodic evaluations of the relative credit standing of these financial institutions which are considered in United Way's investment strategy. At times, cash balances may exceed insured limits.

Pledges receivable are evaluated for collectability (*See Note 2*).

In addition, for the year ended June 30, 2019, approximately \$887,814 (56%) of unrestricted gross campaign contributions were contributed by four major contributors, while for the year ended June 30, 2018, \$2,141,939 (76%) of unrestricted gross campaign contributions were contributed by six major contributors through company campaigns. A cancellation of any company campaign would have a detrimental effect on United Way's campaign revenue.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

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### (9) RETIREMENT SAVINGS PLAN

United Way offers a 401(k) defined contribution retirement savings plan (the “Plan”) through Extensis Group. The Plan enables eligible employees to receive an automatic contribution of 3% of annual compensation and a maximum 2% matching contribution of their elective deferral up to 4% of their annual compensation. Additionally, the Board of Directors has the discretion to grant an extra 1% at the end of the fiscal year. Pension expense for the years ended June 30, 2019 and 2018 was \$33,145 and \$36,815, respectively

### (10) GRANTS AND CONTRACTS

United Way entered into a contract with NJ 2-1-1 Partnership, a subsidiary of United Ways of New Jersey to work collaboratively to provide 24 hours, 7 days a week inbound telephone support (live answering and maintenance of local, regional and state service) for residents of Monmouth and Ocean Counties. The cost to United Way was \$69,000 and \$73,050 for the years ended June 30, 2019 and 2018, respectively.

### (11) DONATIONS IN-KIND

The following is a summary of donations in-kind which is included as revenue and expense in the statement of activity:

	<u>2019</u>	<u>2018</u>
Warmest Wishes (winter clothing)	\$ 90,265	\$ 78,225
Stuff the Bus Gifts (school supplies)	8,859	29,768
Advertising, books and other	11,080	40,263
Warehouse space	<u>3,043</u>	<u>3,043</u>
Total donations in-kind	<u>\$ 113,247</u>	<u>\$ 151,299</u>

Donations in-kind distributed to agencies totaled \$110,204 and \$129,496, and those used by United Way totaled \$3,043 and \$21,803 for the years ended June 30, 2019 and 2018, respectively.

### (12) COST DEDUCTION STANDARD – UNITED WAY WORLDWIDE

United Way adheres to the following cost deduction standards set by United Way Worldwide on designations (agency transactions):

Fees deducted from donor designated contributions to cover processing costs are based on a percentage of the contribution, which is within United Way Worldwide guidelines. This percentage is lower than the actual cost of processing.

Processing fees are not deducted from designated gifts originating by or from other United Ways.

### (13) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, December 9, 2019, have been evaluated in the preparation of the financial statements.

In September 2019, the Board of Directors unanimously voted to approve Community Impact grant award extensions for the fiscal year ending June 30, 2020, in the amount of \$30,000.

## **SUPPLEMENTAL INFORMATION**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF GRANTS TO AGENCIES

For The Years Ended June 30, 2019 And 2018

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	<u>2019</u>	<u>2018</u>
Affordable Housing Alliance	\$ 63,000	\$ 143,000
Boys and Girls Club of Monmouth County	-	18,550
Center for Vocational Rehabilitation	35,000	70,000
Child Care Resources	-	30,000
Collier Youth Services	21,400	40,000
Count Basie Center for the Arts	13,000	10,000
Fulfill	37,250	36,200
Girl Scouts of the Jersey Shore	30,000	20,000
Horizons	-	21,000
Learning Disabilities Organization of Monmouth & Ocean Counties (AMP Zone)	15,000	15,000
Mental Health Association of Monmouth County	1,250	-
Monmouth Day Care Center	21,900	26,100
Navicore Solutions	50,000	43,600
O.C.E.A.N, Inc.	30,000	35,000
Ocean County YMCA	30,000	-
Red Bank Primary School	-	28,849
SBP, Inc.	-	5,000
Social Community Activities Network (SCAN)	44,000	-
Saint Francis Community Center	63,250	115,000
The Community YMCA	25,000	-
Visiting Nurse Association of Central New Jersey	133,520	100,000
YMCA of Western Monmouth County	<u>-</u>	<u>22,500</u>
Total grants to agencies	<u>\$ 613,570</u>	<u>\$ 779,799</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *ADDITIONAL RESOURCES GENERATED*

### **For The Years Ended June 30, 2019 And 2018**

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For the years ended June 30, 2019 and 2018, United Way generated additional resources for the community that is not included in the accompanying financial statements. These resources include funds and in-kind donations distributed directly to participating agencies and through Monmouth and Ocean County pharmacies that meet the criteria to be classified as agency transactions. A summary of these resources is as follows:

The Emergency Food and Shelter Program (“*EFSP*”) provides funds to Monmouth and Ocean Counties, New Jersey, not-for-profit agencies resulting from United Way of Monmouth and Ocean County’s management of that program. EFSP was created by Congress with a \$50 million appropriation in 1983 to help meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter. The program is governed by a national Board; United Way Worldwide is the Secretariat and Fiscal Agent to the Board. Locally, the program is a model for public-private cooperation. For the years ended June 30, 2019 and 2018, funds awarded to agencies totaled \$563,766 and \$362,921, respectively.

In fiscal 2019 and 2018, United Way participated in the FamilyWize Prescription Drug Saving Program. The program is a free resource from the FamilyWize Community Service Partnership. As part of the program, United Way distributed prescription discount cards to local pharmacies, agencies and individuals. Since United Way acted in an agent capacity and did not retain variance power over the distribution of these cards, the cards have not been recorded as in-kind donations. FamilyWize has reported as of June 30, 2019 and 2018 the total value redeemed by Monmouth and Ocean County residents amounted to \$1,506,836 and \$993,777, respectively.