

**UNITED WAY OF MONMOUTH AND OCEAN COUNTIES**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**YEARS ENDED JUNE 30, 2018 AND 2017**

# 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  
Farmingdale, 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, 2018 and 2017, and the related statements of activities and changes in net assets for the years then ended, the statements of cash flows 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. 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, 2018 and 2017, 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  
Farmingdale, 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 Functional Expenses, Statements of Grants to Agencies and Additional Resources Generated on pages 15-18, 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 11, 2018**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF FINANCIAL POSITION

June 30, 2018 And 2017

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,168,646	\$ 1,021,455
Investments ( <i>Note 3</i> )	852,166	752,676
Pledges receivable, net ( <i>Note 2</i> )	859,583	820,166
Other receivables	21,861	47,660
Gift of Warmth receivable ( <i>Note 5</i> )	80,000	80,000
Prepaid expenses	15,082	24,097
Rent security deposits	2,520	4,372
Property and equipment, net ( <i>Note 4</i> )	<u>34,207</u>	<u>54,000</u>
<b>Total Assets</b>	<u>\$ 3,034,065</u>	<u>\$ 2,804,426</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and payroll related payables	\$ 72,574	\$ 112,948
Deferred revenues	2,817	-
Designations and grants payable	<u>975,499</u>	<u>785,585</u>
<b>Total Liabilities</b>	<u>1,050,890</u>	<u>898,533</u>
<b>NET ASSETS</b>		
<b>Unrestricted (<i>Note 5</i>)</b>		
Available for operations	1,676,567	1,632,633
Investment in property and equipment	<u>34,207</u>	<u>54,000</u>
<b>Total Unrestricted</b>	1,710,774	1,686,633
<b>Temporarily Restricted (<i>Note 5</i>)</b>	<u>272,401</u>	<u>219,260</u>
<b>Total Net Assets</b>	<u>1,983,175</u>	<u>1,905,893</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,034,065</u>	<u>\$ 2,804,426</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended June 30, 2018 And 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Gross Campaign Results:	\$ 2,800,665	\$ 239,353	\$ 3,040,018	\$ 2,635,603	\$ 258,898	\$ 2,894,501
Less: Donor designations	(1,246,091)	-	(1,246,091)	(1,188,422)	-	(1,188,422)
Provision for uncollectible	(101,113)	-	(101,113)	(132,714)	-	(132,714)
Campaign contributions revenue	<u>1,453,461</u>	<u>239,353</u>	<u>1,692,814</u>	<u>1,314,467</u>	<u>258,898</u>	<u>1,573,365</u>
Other revenue, gains (losses) and other support:						
Government grant revenue	36,205	-	36,205	31,205	-	31,205
Grant income	154,800	-	154,800	135,050	-	135,050
Special events, net of direct costs of \$88,341 and \$83,069 in 2018 and 2017	159,095	-	159,095	133,532	-	133,532
Designations from other United Way's	236,708	-	236,708	297,238	-	297,238
Service fees	8,171	-	8,171	8,383	-	8,383
Donations in-kind (Note 10)	151,299	-	151,299	180,770	-	180,770
Investment income	15,403	-	15,403	10,037	-	10,037
Realized and unrealized gain	13,784	-	13,784	27,477	-	27,477
Miscellaneous revenue	-	-	-	4,916	-	4,916
Net assets released from restrictions due to satisfaction of requirements (Note 5)	<u>186,212</u>	<u>(186,212)</u>	<u>-</u>	<u>287,386</u>	<u>(287,386)</u>	<u>-</u>
<b>Total other revenue and gains (losses)</b>	<u>961,677</u>	<u>(186,212)</u>	<u>775,465</u>	<u>1,115,994</u>	<u>(287,386)</u>	<u>828,608</u>
<b>Total revenue, gains and other support</b>	<u>2,415,138</u>	<u>53,141</u>	<u>2,468,279</u>	<u>2,430,461</u>	<u>(28,488)</u>	<u>2,401,973</u>
<b>EXPENSES</b>						
Program services:						
Gross funds awarded/distributed	2,025,890	-	2,025,890	1,799,219	-	1,799,219
Less: donor designations	(1,246,091)	-	(1,246,091)	(1,188,422)	-	(1,188,422)
Net funds awarded/distributed	779,799	-	779,799	610,797	-	610,797
Community Service	386,264	-	386,264	377,863	-	377,863
Volunteer Center	361,431	-	361,431	407,887	-	407,887
Rebuild Monmouth	-	-	-	31,979	-	31,979
MCLTRG	-	-	-	71,752	-	71,752
Gift of Warmth/DOVIA	<u>184,232</u>	<u>-</u>	<u>184,232</u>	<u>196,587</u>	<u>-</u>	<u>196,587</u>
<b>Total program services</b>	<u>1,711,726</u>	<u>-</u>	<u>1,711,726</u>	<u>1,696,865</u>	<u>-</u>	<u>1,696,865</u>
Supporting services:						
Administrative	309,179	-	309,179	400,832	-	400,832
Fundraising	<u>370,092</u>	<u>-</u>	<u>370,092</u>	<u>321,337</u>	<u>-</u>	<u>321,337</u>
<b>Total supporting services</b>	<u>679,271</u>	<u>-</u>	<u>679,271</u>	<u>722,169</u>	<u>-</u>	<u>722,169</u>
<b>Total expenses</b>	<u>2,390,997</u>	<u>-</u>	<u>2,390,997</u>	<u>2,419,034</u>	<u>-</u>	<u>2,419,034</u>
<b>Excess/(deficit) of revenue over expenses</b>	24,141	53,141	77,282	11,427	(28,488)	(17,061)
<b>OTHER CHANGES</b>						
Merger with United Way of Ocean County (Note 1)	-	-	-	338,149	4,195	342,344
Increase/(decrease) in net assets	24,141	53,141	77,282	349,576	(24,293)	325,283
<b>NET ASSETS</b>						
<b>Beginning of year</b>	<u>1,686,633</u>	<u>219,260</u>	<u>1,905,893</u>	<u>1,337,057</u>	<u>243,553</u>	<u>1,580,610</u>
<b>End of year</b>	<u>\$ 1,710,774</u>	<u>\$ 272,401</u>	<u>\$ 1,983,175</u>	<u>\$ 1,686,633</u>	<u>\$ 219,260</u>	<u>\$ 1,905,893</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2018 And 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 77,282	\$ 325,283
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>		
Depreciation	19,793	26,161
Merger with United Way of Ocean County	-	(342,344)
Donated equipment	-	(12,626)
Unrealized (gain)/loss on investments	9,519	(27,477)
Change in operating assets and liabilities:		
Pledges receivable	(39,417)	217,761
Other receivables	25,799	(10,985)
Gift of Warmth receivable	-	(80,000)
Prepaid expenses	9,015	5,007
Rent security deposit	1,852	2,000
Accounts payable and payroll related payables	(40,374)	(40,125)
Designations payable	189,914	(57,765)
Deferred income	<u>2,817</u>	<u>(53,108)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>256,200</u>	<u>(48,218)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(14,000)
Merger with United Way of Ocean County	-	127,213
Purchase of investments	(366,710)	(235,555)
Sale/maturity of investments	<u>257,701</u>	<u>354,752</u>
<b>Net cash provided by (used for) investing activities</b>	<u>(109,009)</u>	<u>232,410</u>
<b>Net increase in cash and cash equivalents</b>	147,191	184,192
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,021,455</u>	<u>837,263</u>
<b>End of year</b>	<u>\$ 1,168,646</u>	<u>\$ 1,021,455</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 And 2017

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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 of Monmouth and Ocean Counties 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. The total amount of assets in excess of liabilities transferred totaled \$342,344 and is included with other changes on the statements of activities and changes in net assets.

#### ***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***

The net assets of United Way and changes therein are classified and reported as follows:

***Unrestricted Net Assets*** – Unrestricted net assets represent those resources that have no donor restrictions as to their use. The following “categories of funds” are represented as unrestricted:

- 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.

***Temporarily Restricted Net Assets*** – Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor.



# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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. The Organization 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 the Organization 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.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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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:

<b><u>Description</u></b>	<b><u>Estimated Life (Years)</u></b>
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.

### ***RECLASSIFICATIONS***

Certain reclassifications were made to the 2017 financial statements to conform to the 2018 presentation.

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

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the United Way's financial statements, it is not expected to alter the United Way's reported financial position. United Way plans to adopt the new ASU at the required implementation date.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

**June 30, 2018 And 2017**

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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). The 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 the ASU is first applied. United Way plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The 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. The 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 the 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>2018</u>	<u>2017</u>
2015 – 2016 Campaign Receivables	\$ -	\$ 33,815
2016 – 2017 Campaign Receivables	-	919,065
2017 – 2018 Campaign Receivables	<u>960,696</u>	<u>-</u>
	960,696	952,880
Less: Allowance for uncollectible pledges	<u>(101,113)</u>	<u>(132,714)</u>
Pledges receivables, net	<u>\$ 859,583</u>	<u>\$ 820,166</u>

All pledges receivable are due within one year for 2018 and 2017.

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, 2018 And 2017

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### (3) INVESTMENTS

At June 30, 2018 and 2017, investments consisted of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ 238,392	\$ 238,392	\$ 373,352	\$ 373,352
Mutual Funds	<u>590,876</u>	<u>613,774</u>	<u>346,907</u>	<u>379,324</u>
Total Investments	<u>\$ 829,268</u>	<u>\$ 852,166</u>	<u>\$ 720,259</u>	<u>\$ 752,676</u>

As of June 30, 2018 and 2017 net unrealized gains consisted of \$22,898 and \$32,417, 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, 2018 and 2017.

There were no transfers between Level 1 and Level 2 during the years ended June 30, 2018 or 2017.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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### (4) PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 66,404	\$ 89,426
Furniture	44,393	44,393
Office equipment	19,163	25,162
Leasehold improvements	<u>44,975</u>	<u>44,975</u>
	174,935	203,956
Less: accumulated depreciation	<u>(140,728)</u>	<u>(149,956)</u>
Total property and equipment, net	<u>\$ 34,207</u>	<u>\$ 54,000</u>

Depreciation included as a charge to expense amounted to \$19,793 and \$26,161 for the years ended June 30, 2018 and 2017, respectively.

### (5) NET ASSETS

#### *UNRESTRICTED NET ASSETS*

Unrestricted net assets are available for the following uses as of June 30:

	<u>2018</u>	<u>2017</u>
Available for operations	\$ 1,676,567	\$ 1,632,633
Investment in property and equipment	<u>34,207</u>	<u>54,000</u>
	<u>\$ 1,710,774</u>	<u>\$ 1,686,633</u>

#### *TEMPORARILY RESTRICTED NET ASSETS*

Temporarily restricted net assets are available for the following use of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
United Way – NJ Natural Gas Gift of Warmth Program	\$ 272,401	\$ 217,280
DOVIA	<u>-</u>	<u>1,980</u>
	<u>\$ 272,401</u>	<u>\$ 219,260</u>

Significant classes of temporarily restricted net assets 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 temporarily restricted. A receivable existed in the amount of \$80,000 at June 30, 2018 and 2017, representing the match for the 2018 and 2017 fiscal years respectively.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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

	<u>2018</u>	<u>2017</u>
Gift of Warmth Program	\$ 184,232	\$ 196,587
DOVIA	1,980	-
Rebuild Monmouth	-	32,602
Monmouth County Long Term Recovery Group (MCLTRG)	-	54,001
Other	-	4,196
	<u>\$ 186,212</u>	<u>\$ 287,386</u>

### (6) LEASES

#### *OPERATING LEASE*

##### Office Space

United Way has 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 has an additional lease for office space under a lease agreement which expires on July 31, 2019, with monthly rent of \$1,250.

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 \$77,572 and \$81,081 for the years ended June 30, 2018 or 2017, respectively.

Future minimum lease payments are as follows at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$77,948
2020	14,148
2021	<u>5,565</u>
Total operating lease obligation	<u>\$97,661</u>

The agreement includes a rent escalation clause that provides for annual real estate tax and operating expense increases.

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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### Office Equipment

United Way leases various office equipment under agreements scheduled to end in January 2023. Base rent expense for the equipment totaled \$8,968 and \$10,990 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments are as follows at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 7,540
2020	5,176
2021	5,176
2022	5,176
2023	<u>3,020</u>
Total operating lease obligation	<u>\$ 26,088</u>

### (7) 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, 2018 approximately \$2,141,939 (76%) of unrestricted gross campaign contributions were contributed by six major contributors, while for the year ended June 30, 2017, \$1,561,013 (59%) of unrestricted gross campaign contributions were contributed by five major contributors through company campaigns. A cancellation of any company campaign would have a detrimental effect on United Way's campaign revenue.

### (8) 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, 2018 and 2017 was \$36,815 and \$27,172, respectively

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2018 And 2017

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### (9) 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 \$73,050 for 2018 and 2017.

### (10) 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>2018</u>	<u>2017</u>
Warmest Wishes (winter clothing)	\$ 78,225	\$ 99,345
Stuff the Bus Gifts (school supplies)	29,768	33,756
Advertising, vehicles, books and other	40,263	44,331
Warehouse space	<u>3,043</u>	<u>3,338</u>
Total donations in-kind	<u>\$151,299</u>	<u>\$180,770</u>

Donations in-kind distributed to agencies totaled \$129,496 and \$146,045, and those used by United Way totaled \$21,803 and \$34,725 for the years ended June 30, 2018 and 2017, respectively.

### (11) 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.

### (12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, December 11, 2018, have been evaluated in the preparation of the financial statements.

In August 2018, the Board of Directors unanimously voted to approve Community Impact grant award extensions for the fiscal year ending June 30, 2019, in the amount of \$35,000.



## **SUPPLEMENTAL INFORMATION**

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES

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	779,799	-	-	779,799	-	-	-	779,799
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	-	-	-	-	-	35,216	35,216	35,216
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	21,391	-	21,391	22,318
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>309,179</u>	<u>370,092</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>\$ 309,179</u>	<u>\$ 370,092</u>	<u>\$ 679,271</u>	<u>\$ 2,390,997</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2017

	PROGRAM						SUPPORTING SERVICES			
	<u>Community Service</u>	<u>Volunteer Center</u>	<u>Rebuild Monmouth</u>	<u>MCLTRG</u>	<u>Gift of Warmth</u>	<u>Total</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Grand Total</u>
Awards/Distributions	\$ 1,799,219	\$ -	\$ -	\$ -	\$ -	\$ 1,799,219	\$ -	\$ -	\$ -	\$ 1,799,219
Less Donor Designations	<u>(1,188,422)</u>	-	-	-	-	<u>(1,188,422)</u>	-	-	-	<u>(1,188,422)</u>
Subtotal	610,797	-	-	-	-	610,797	-	-	-	610,797
Labor and related expenses	197,684	179,319	329	15,546	-	392,878	239,656	238,420	478,076	870,954
Occupancy	31,956	16,327	-	790	-	49,073	24,260	21,099	45,359	94,432
Professional Services	10,858	10,105	-	444	-	21,407	67,891	11,833	79,724	101,131
Promotion and Marketing	8	84	-	-	-	92	-	9,450	9,450	9,542
Sponsored Expenses	18,760	-	-	-	-	18,760	-	-	-	18,760
United Way Dues	7,574	7,049	-	309	-	14,932	9,491	8,254	17,745	32,677
IT and Telephone	10,075	4,106	-	703	-	14,884	5,528	4,809	10,337	25,221
Insurance	-	1,521	1,785	-	-	3,306	15,658	-	15,658	18,964
Miscellaneous	1,818	2,332	112	78	-	4,340	8,858	3,531	12,389	16,729
Equipment Maintenance and Rentals	3,765	7,504	-	154	-	11,423	4,718	4,103	8,821	20,244
Depreciation	6,064	5,643	-	248	-	11,955	7,598	6,608	14,206	26,161
Printing and Postage	10,292	8,660	3,128	324	-	22,404	9,937	8,643	18,580	40,984
Program Expenses	1,750	13,549	-	-	-	15,299	-	-	-	15,299
Conference and Travel	4,209	4,268	-	362	-	8,839	5,274	4,587	9,861	18,700
2-1-1 Information Referral Services	73,050	-	-	-	-	73,050	-	-	-	73,050
Donations In-Kind	-	147,420	-	-	-	147,420	1,963	-	1,963	149,383
Rebuild Direct Services	-	-	26,625	-	-	26,625	-	-	-	26,625
MCLTRG Direct Services	-	-	-	52,794	-	52,794	-	-	-	52,794
Gift of Warmth Utility Assistance	-	-	-	-	196,587	196,587	-	-	-	196,587
Subtotal	<u>377,863</u>	<u>407,887</u>	<u>31,979</u>	<u>71,752</u>	<u>196,587</u>	<u>1,086,068</u>	<u>400,832</u>	<u>321,337</u>	<u>722,169</u>	<u>1,808,237</u>
Total functional expenses	<u>\$ 988,660</u>	<u>\$407,887</u>	<u>\$ 31,979</u>	<u>\$ 71,752</u>	<u>\$196,587</u>	<u>\$ 1,696,865</u>	<u>\$400,832</u>	<u>\$321,337</u>	<u>\$722,169</u>	<u>\$ 2,419,034</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## STATEMENTS OF GRANTS TO AGENCIES

For The Years Ended June 30, 2018 And 2017

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	<u>2018</u>	<u>2017</u>
Affordable Housing Alliance	\$ 143,000	\$ -
Boys and Girls Club of Monmouth County	18,550	23,750
Books purchased for early grade reading program	-	2,947
Boy Scouts of America, Jersey Shore Council	-	7,000
Caregiver Volunteers of Central Jersey	-	15,000
Catholic Charities, Diocese of Trenton	-	53,000
Center for Vocational Rehabilitation	70,000	70,000
Child Care Resources	30,000	-
Collier Youth Services	40,000	40,000
Count Basie Center for the Arts	10,000	-
Family Promise of Southern Ocean County	-	15,000
Fulfill	36,200	30,000
Girl Scouts of the Jersey Shore	20,000	-
Horizons	21,000	21,000
Jewish Federation of Ocean County – Jewish Families and Children Services	-	7,000
Keansburg Preschool Program	-	5,700
LADACIN Network	-	25,000
Learning Disabilities Organization of Monmouth & Ocean Counties (AMP Zone)	15,000	-
Maryville Inc.	-	5,000
Monmouth Day Care Center	26,100	27,400
Navicore Solutions	43,600	41,000
New Jersey Institute for Disabilities	-	11,000
O.C.E.A.N, Inc.	35,000	-
Ocean County YMCA	-	12,000
Red Bank Primary School	28,849	33,000
SBP, Inc.	5,000	-
Saint Francis Community Center	115,000	8,000
The Arc of Monmouth County	-	25,000
The Arc of Ocean County	-	13,000
Vetgroup	-	14,000
Visiting Nurse Association of Central New Jersey	100,000	70,000
YMCA of Western Monmouth County	<u>22,500</u>	<u>36,000</u>
Total grants to agencies	<u>\$ 779,799</u>	<u>\$ 610,797</u>

# UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

## *ADDITIONAL RESOURCES GENERATED*

### **For The Years Ended June 30, 2018 and 2017**

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For the years ended June 30, 2018 and 2017, 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, 2018 and 2017, funds awarded to agencies totaled \$362,921 and \$80,500, respectively.

In fiscal 2018 and 2017, 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, 2018 and 2017 the total value redeemed by Monmouth and Ocean County residents amounted to \$993,777 and \$600,276, respectively.