

**UNITED WAY OF NORTHERN NEVADA
AND THE SIERRA
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
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INDEPENDENT AUDITORS' REPORT

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

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, 2017, 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, 2017, 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.

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 17-23 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

We have previously audited United Way of Northern Nevada and the Sierra's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kohn Company LLP

Reno, Nevada
November 1, 2017



UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

ASSETS	<u>2017</u>	<u>2016</u> (Memorandum Only)
CURRENT ASSETS		
Cash and cash equivalents	\$ 258,898	\$ 338,197
Investments - certificates of deposit	124,000	160,000
Grants and accounts receivable	-	4,641
Pledges receivable, net	441,680	512,351
Note receivable, current portion	242	2,804
Prepaid expenses	19,367	29,310
Total current assets	<u>844,187</u>	<u>1,047,303</u>
PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$71,071 and \$178,422 for 2017 and 2016, respectively	39,522	50,041
OTHER ASSETS		
Investments - pooled investments	121,322	109,362
Note receivable, net of current portion	-	242
	<u>121,322</u>	<u>109,604</u>
TOTAL ASSETS	<u>\$ 1,005,031</u>	<u>\$ 1,206,948</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Capital lease obligations	\$ -	\$ 4,506
Accounts payable	10,297	20,491
Accrued compensated absences and payroll related expenses	34,127	23,954
Due to donor designated agencies	78,230	98,823
Total current liabilities / total liabilities	<u>122,654</u>	<u>147,774</u>
NET ASSETS		
Unrestricted		
Invested in property and equipment, net of related debt	39,522	45,535
Board designated for office space lease payment	7,429	34,519
Board designated for reserves	124,000	160,000
Board designated earnings from permanent endowment	37,570	25,610
Operating, undesignated	571,812	697,791
Total unrestricted net assets	<u>780,333</u>	<u>963,455</u>
Temporarily restricted	8,298	4,073
Permanently restricted	93,746	91,646
Total net assets	<u>882,377</u>	<u>1,059,174</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,005,031</u>	<u>\$ 1,206,948</u>

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total (Memorandum Only)
SUPPORT, REVENUE, GAINS (LOSSES) AND RECLASSIFICATIONS					
Current campaign contributions					
Contributions	\$ 1,273,571	\$ -	\$ 2,100	\$ 1,275,671	\$ 1,442,101
Less donor designations	(410,346)	-	-	(410,346)	(371,424)
Total campaign results for current period	863,225	-	2,100	865,325	1,070,677
Allowance for uncollectible pledges	(103,141)	-	-	(103,141)	(58,969)
Future campaign contributions					
Contributions for future periods	-	9,000	-	9,000	4,126
Allowance for uncollectible pledges	-	(702)	-	(702)	(53)
Total campaign revenue	760,084	8,298	2,100	770,482	1,015,781
Federal grants	6,283	-	-	6,283	1,215
Other grants	179,266	-	-	179,266	-
Program sponsorships	5,000	-	-	5,000	10,000
In-kind donations	1,400	-	-	1,400	-
Investment income (loss)	13,676	-	-	13,676	(4,036)
Program service fees	-	-	-	-	1,006
Other income and reimbursements	9,495	-	-	9,495	13,322
Administrative fees for amounts raised on behalf of others	7,038	-	-	7,038	3,716
Net assets released from restrictions	4,073	(4,073)	-	-	-
Total support, revenue, gains (losses) and reclassifications	986,315	4,225	2,100	992,640	1,041,004
ALLOCATIONS AND FUNCTIONAL EXPENSES					
Program services					
Community impact projects	338,423	-	-	338,423	382,311
Direct program costs	477,062	-	-	477,062	446,764
Total program services	815,485	-	-	815,485	829,075
Support services	353,952	-	-	353,952	354,783
Total expenses	1,169,437	-	-	1,169,437	1,183,858
CHANGE IN NET ASSETS	(183,122)	4,225	2,100	(176,797)	(142,854)
NET ASSETS, beginning of year	963,455	4,073	91,646	1,059,174	1,202,028
NET ASSETS, end of year	\$ 780,333	\$ 8,298	\$ 93,746	\$ 882,377	\$ 1,059,174

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Direct Program	Support Services	Total	Total (Memorandum Only)
Salaries	\$ 218,010	\$ 163,901	\$ 381,911	\$ 285,471
Payroll taxes	17,505	12,737	30,242	23,267
Employee benefits	36,865	19,435	56,300	46,791
Retirement benefits	10,693	9,560	20,253	18,973
Total salaries and related expenses	283,073	205,633	488,706	374,502
Bank fees	1,275	1,618	2,893	3,775
Conferences	2,903	1,043	3,946	10,353
Contract services	50,953	30,557	81,510	164,348
Insurance	2,052	1,252	3,304	5,747
Interest	-	-	-	422
Marketing	29,865	20,808	50,673	23,336
Membership dues	2,658	3,374	6,032	9,088
Miscellaneous	1,082	1,464	2,546	1,882
National dues	9,597	6,424	16,021	13,142
Occupancy	39,767	35,067	74,834	67,070
Postage	609	8,840	9,449	1,548
Printing and publications	1,197	2,160	3,357	9,098
Rental and maintenance of equipment	5,785	5,044	10,829	18,185
Software	10,452	5,961	16,413	39,823
Supplies	2,069	2,599	4,668	3,154
Telephone	20,782	13,268	34,050	32,144
Travel	4,668	3,896	8,564	9,171
Total expenses before depreciation	468,787	349,008	817,795	786,788
Depreciation of property and equipment	8,275	4,944	13,219	14,759
Total expenses	\$ 477,062	\$ 353,952	\$ 831,014	\$ 801,547

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (176,797)	\$ (142,854)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	13,219	14,759
Net realized and unrealized gain (loss) on investments	(12,382)	9,282
Reinvested investment income net of expenses charged	422	(2,293)
Changes in certain components of working capital		
(Increase) decrease in:		
Grants and accounts receivable	4,641	5,066
Pledges receivable, net	70,671	(14,008)
Prepaid expenses	9,943	(5,920)
Increase (decrease) in:		
Accounts payable	(10,194)	10,294
Accrued compensated absences and payroll related expenses	10,173	592
Due to designated agencies	(20,593)	19,072
Net cash flows from operating activities	(110,897)	(106,010)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on the note receivable	2,804	2,641
Purchase of equipment	(2,700)	(8,630)
Proceeds from sale of investments	160,000	190,000
Purchase of investments	(124,000)	(160,000)
Net cash flows from investing activities	36,104	24,011
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of capital lease obligation	(4,506)	(4,236)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(79,299)	(86,235)
CASH AND CASH EQUIVALENTS, beginning of year	338,197	424,432
CASH AND CASH EQUIVALENTS, end of year	\$ 258,898	\$ 338,197
SUPPLEMENTAL CASH FLOW DATA		
Cash paid for interest	\$ -	\$ 422
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Retirement of fully depreciated equipment	\$ 120,570	\$ -

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Financial Statement Presentation

UWNNS reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets of \$4,820 at June 30, 2017, represent contributions received for future campaign periods. Permanently restricted net assets of \$93,746 at June 30, 2017, represent donor-imposed restrictions that funds be invested in an endowment with only the income being used for current and future needs.

UWNNS reports restricted contributions whose restrictions are met in the same reporting period in which the contributions are received as unrestricted support.

Basis of Accounting

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

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 six months or less to be cash equivalents.

Investments

Investments consist of time certificates of deposit 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 unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support which increases that net asset class.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Pledges Receivable (Continued)

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted 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 year ended June 30, 2017, UWNNS donor designated gifts total \$410,346, of which \$92,827 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 Asset Designations

The members of the Board of Directors have designated \$124,000, \$7,429 and \$37,570 for a reserve fund, for the office lease and earnings from the permanent endowment, respectively, at June 30, 2017. The Board members, at their discretion, can revise the intended use of net assets as they deem necessary.

UWNNS has \$39,522 invested in property and equipment, net of related debt, at June 30, 2017.

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.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services (Continued)

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 1,200 hours of direct services during the year ended June 30, 2017. The value of these volunteer services is estimated to be \$21.51 per hour 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 \$26,000.

Functional Allocation of Expenses

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

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 the date of the independent auditors' report, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Reclassifications

Certain items on the 2016 financial statements have been reclassified to conform to the current year presentation.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - INVESTMENTS AND FAIR VALUE

Investment income (loss) is composed of the following at June 30:

	2017	2016
Interest and dividends	\$ 9,820	\$ 7,320
Net realized and unrealized gain (loss)	12,382	(9,281)
Investment fees	(1,912)	(2,075)
	\$ 20,290	\$ (4,036)

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. There are no investments valued using Level 1 inputs.

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 deposits valued at Level 2 significant other observable inputs totals \$124,000 and \$160,000 at June 30, 2017 and 2016, 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. The fair value of investments utilizing Level 3 measurements totals \$121,322 and \$109,362 at June 30, 2017 and 2016, respectively.

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

	Pooled Investments	
	2017	2016
Beginning balance	\$ 109,362	\$ 116,351
Investment income	1,490	4,367
Net realized and unrealized gain (loss)	12,382	(9,281)
Expenses	(1,912)	(2,075)
Ending balance	\$ 121,322	\$ 109,362

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. In addition, UWNNS is the beneficiary of an endowment fund totaling \$8,489 that is held at the Community Foundation of Western Nevada and is not reflected in the accompanying financial statements.

Cash, grants, accounts and pledges receivable, prepaid expenses, accounts payable, accrued expenses, deferred revenue and due to designated agencies are reported in the accompanying statement of financial position at amounts that approximate fair value.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 3 - NOTE RECEIVABLE

During the year ended June 30, 2013, the UWNNS sold its building and land for \$250,000. As part of the sales price, the UWNNS received a note receivable in the amount of \$12,500. Although interest only payments at the rate of 6% are due monthly with the entire balance due on July 31, 2017; the buyer is making monthly payments of \$242 that includes principal and interest. At June 30, 2017, \$242 remains to be paid.

NOTE 4 - PLEDGES RECEIVABLE

The following unconditional promises to give are included in pledges receivable at June 30, 2017:

	2017	2016
2014-2015 Campaign	\$ -	\$ 52,419
2015-2016 Campaign	104,348	603,218
2016-2017 Campaign	519,374	1,800
2017-2018 Campaign	1,518	-
	625,240	657,437
Allowance for uncollectible accounts	(183,560)	(145,086)
	\$ 441,680	\$ 512,351

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, 2017 and 2016.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2017	2016
Leasehold improvements	\$ 25,432	\$ 25,432
Equipment	36,177	156,747
Office furniture and fixtures	46,284	46,284
	107,893	228,463
Less: accumulated depreciation	(71,071)	(178,422)
	36,822	50,041
Trademarks	2,700	-
	\$ 39,522	\$ 50,041

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	2017	2016
Net campaign pledges received for subsequent pledge year	\$ 8,298	\$ 4,073

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 7 - ENDOWMENTS

UWNNS receives certain contributions from fund raising efforts to a permanently restricted endowment fund. 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 unrestricted, temporarily restricted and permanently restricted net assets based solely on the existence or absence of donor-imposed restrictions.

The endowment funds are classified as follows at June 30:

		2017		
		Unrestricted	Permanently Restricted	Total
Donor restricted	\$	-	\$ 93,746	\$ 93,746
Board designated		168,999	-	168,999
Total	\$	168,999	\$ 93,746	\$ 262,745
		2016		
		Unrestricted	Permanently Restricted	Total
Donor restricted	\$	-	\$ 91,646	\$ 91,646
Board designated		220,129	-	220,129
Total	\$	220,129	\$ 91,646	\$ 311,775

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

		2017		
		Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$	213,140	\$ 91,646	\$ 304,786
Contributions		2,910	2,100	5,010
Investment income, net of fees		-	11,960	11,960
Appropriation for expenditures		(66,000)	-	(66,000)
Reclassifications of accumulated earnings available for expenditure		11,960	(11,960)	-
Endowment net assets, end of year	\$	162,010	\$ 93,746	\$ 255,756

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 7 - ENDOWMENTS (Continued)

	2016		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 284,208	\$ 91,646	\$ 375,854
Contributions	2,910	-	2,910
Investment income, net of fees	(6,989)	(6,989)	(13,978)
Appropriation for expenditures	(60,000)	-	(60,000)
Reclassifications of accumulated earnings available for expenditure	(6,989)	6,989	-
Endowment net assets, end of year	<u>\$ 213,140</u>	<u>\$ 91,646</u>	<u>\$ 304,786</u>

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 permanently restricted net assets.

In accordance with the Uniform Act, UWNNS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 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

Funds with Deficiencies

From time to time, the fair value of assets associated with the permanently restricted endowment funds may fall below the level that the donor or the Uniform Act requires to be retained as perpetual funds. Such deficiencies are reflected as decreases to the endowment fund since the original intent of the donor is unknown.

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.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 7 - ENDOWMENTS (Continued)

Other Endowments

In addition to the above, an endowment in the amount of \$8,489 is held with the Community Foundation of Western Nevada for the benefit of UWNNS and is properly not included on UWNNS's financial statements.

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, 2017 and 2016, UWNNS contributed \$20,253 and \$18,973, 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 \$83,648 and \$73,587 for the years ended June 30, 2017 and 2016, respectively. Future minimum rental payments on the above noncancelable operating leases are the following:

Year ending June 30:	
2018	\$ 82,472
2019	85,472
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, 2017, the Organization's bank balances exceeded insurance limits by \$574,075.

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, 2017. 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, 2017. 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, 2017 and 2016, UWNNS has \$14,369 and \$14,322, respectively, in trust reserve to cover the liability and this amount is reflected as prepaid expenses in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
DIRECT PROGRAM COSTS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Education Engagement	Community Impact Giving	Total	Total (Memorandum Only)
Salaries	\$ 98,928	\$ 119,082	\$ 218,010	\$ 184,070
Payroll taxes	7,831	9,674	17,505	14,822
Employee benefits	15,752	21,113	36,865	33,082
Retirement benefits	4,781	5,912	10,693	12,020
Total salaries and related expenses	127,292	155,781	283,073	243,994
Bank fees	375	900	1,275	2,167
Conferences	750	2,153	2,903	5,666
Contract services	15,617	35,336	50,953	50,234
Insurance	567	1,485	2,052	3,619
Interest	-	-	-	252
Marketing	13,133	16,732	29,865	16,519
Membership dues	854	1,804	2,658	3,360
Miscellaneous	212	870	1,082	430
National dues	5,063	4,534	9,597	7,872
Occupancy	12,963	26,804	39,767	38,442
Postage	230	379	609	669
Printing and publications	854	343	1,197	2,847
Rental and maintenance of equipment	1,808	3,977	5,785	11,141
Software	1,823	8,629	10,452	29,201
Supplies	463	1,606	2,069	1,211
Telephone	7,577	13,205	20,782	19,048
Travel	2,577	2,091	4,668	1,251
Total expenses before depreciation	192,158	276,629	468,787	437,923
Depreciation of property and equipment	2,670	5,605	8,275	8,841
Total expenses	\$ 194,828	\$ 282,234	\$ 477,062	\$ 446,764

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
DISTRIBUTIONS TO AGENCIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Community Impact Projects	Designations	Total	Total (Memorandum Only)
A Safe Embrace	\$ -	\$ 374	\$ 374	\$ 134
A Special Wish Foundation	-	-	-	35
A.C.C.E.P.T.	-	462	462	750
Academy for Career Education	-	147	147	-
Advocates to End Domestic Violence	-	102	102	62
ALS of Nevada	-	135	135	-
Alzheimer's Assoc. - No. Nevada Chapter	-	120	120	1,446
American Cancer Society-Reno	-	252	252	39
American Heart Association	-	8	8	800
American Red Cross No. Nevada Chapter	-	281	281	405
Animal Ark	-	-	-	59
Awaken, Inc.	-	875	875	-
Big Brothers Big Sisters of No. Nevada	-	7	7	405
Blessed Positivity	-	100	100	-
Blue Star Mothers of America	-	330	330	-
Boy Scouts of America, Nevada Area Council	-	792	792	1,652
Boys & Girls Club of Elko	-	673	673	685
Boys & Girls Club of: Mason Valley	-	1,372	1,372	1,629
Boys & Girls Club of: North Lake Tahoe	-	-	-	48
Boys & Girls Club of: South Lake Tahoe	-	623	623	612
Boys & Girls Club of: Truckee Meadows	50,000	7,260	57,260	80,750
Boys & Girls Club of: Western Nevada	-	515	515	573
Boys & Girls Club of: Winnemucca	-	1,041	1,041	-
Bright Path Enrichment Center	-	125	125	-
Cancer League of So. Lake Tahoe	-	-	-	63
CARE Chest of Sierra Nevada, Inc.	-	50	50	-
Care Net Pregnancy Care Center	-	202	202	-
Casa of Carson City	-	-	-	49
Catholic Charities of Northern Nevada	-	1,229	1,229	1,185
Center for Healthy Aging	-	-	-	63
Center for Sacred Studies	-	541	541	760
Chabad of Northern Nevada	-	277	277	-
Children's Cabinet - Fallon	-	-	-	69
Children's Cabinet, Inc.	-	290	290	2,025
Christmas Cheer	-	288	288	162
Citicare	-	175	175	208
City of Sparks Kid Konnection Program	-	45	45	-
Committee Against Domestic Violence	-	649	649	363
Committee to Aid Abused Women	-	4,581	4,581	5,396
Communities in Schools Northeast Nevada	-	75	75	-
Community Foundation of Western Nevada	-	1,973	1,973	-
Community Chest	-	-	-	15,037
Community Health Alliance	-	10	10	130
Consolidated Agencies of Human Services	-	200	200	118
Crisis Call Center	-	81	81	466
Crisis Pregnancy Center	-	-	-	436

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
DISTRIBUTIONS TO AGENCIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Community Impact Projects	Designations	Total	Total (Memorandum Only)
David J. Drakulich Art Foundation	\$ -	\$ 871	\$ 871	\$ 1,626
Disabled American Veterans Charitable Service	-	135	135	-
Disability Resources, Inc.	-	-	-	49
Domestic Violence Intervention, Inc.	-	270	270	479
Douglas County Food Closet	-	735	735	678
Down Syndrome Network of Northern Nevada	-	749	749	853
Epilepsy Foundation of Nevada	-	141	141	-
Epworth United Methodist Church	-	32	32	-
F.I.S.H. - Carson City	-	120	120	175
Fallon Youth Club	-	32	32	90
Family Counseling Service	-	-	-	68
Family Resource Center	-	54	54	25
Family Support Council of Douglas County	-	-	-	28
Family TIES of Nevada	-	176	176	-
Food Bank of Northern Nevada, Inc.	-	1,938	1,938	5,885
Friends for Life, Inc.	-	-	-	49
Friends of Washoe County Library	-	-	-	178
Girl Scouts - Elko	-	-	-	92
Girl Scouts of the Sierra Nevada	-	1,031	1,031	1,154
Gospel for All Nations	-	601	601	-
Guardian Angels	-	284	284	397
Headway Foundation	-	175	175	-
Holy Child Day Home	-	132	132	-
Holy Cross Lutheran Church	-	-	-	422
Honor Flight of Nevada	-	165	165	-
Horizon Hospice	-	-	-	276
Human Rights Campaign Foundation	-	5	5	-
Humboldt Volunteer Hospice	-	-	-	657
Join Together Northern Nevada	-	-	-	31
Josh Farler Helping Hands Foundation	-	1,489	1,489	1,181
Junior Achievement of Northern Nevada	-	74	74	-
Juvenile Diabetes Research Foundation Reno	-	105	105	586
KARRS	-	686	686	-
Keep Truckee Meadows Beautiful	-	43	43	92
Kenny Bostic Memorial Youth Athletics	-	944	944	-
Kids & Horses	-	-	-	30
Kids Kottage of Washoe County	-	420	420	-
K-Love Educational Media Foundation	-	-	-	448
LA Contemporary Dance Company	-	-	-	30
Lake Tahoe Educational Foundation	-	819	819	-
Lander County Senior Citizens Center	-	-	-	10
Live Violence Free	-	1,188	1,188	1,323
Lupus Foundation of America, Northern California	-	471	471	-
Make-A-Wish Foundation	-	280	280	716
March of Dimes-Northern Nevada Division	-	-	-	8
Marfan Foundation	-	1,254	1,254	-

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
DISTRIBUTIONS TO AGENCIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Community Impact Projects	Designations	Total	Total (Memorandum Only)
Moms On The Run	\$ -	\$ -	\$ -	\$ 754
Muscular Dystrophy Association	-	-	-	31
National Council of Juvenile & Family Court Judges	-	35	35	-
National Kidney Foundation of Nevada	-	-	-	548
National Multiple Sclerosis Society-Reno	-	1,647	1,647	858
Nature Conservancy	-	706	706	-
Nevada Cancer Coalition	-	269	269	-
Nevada Cancer Institute Foundation	-	-	-	31
Nevada Diabetes Association for Children	-	24	24	20
Nevada Greyhounds Unlimited	-	-	-	120
Nevada Humane Society	-	1,737	1,737	2,570
Nevada Legal Services, Inc.	-	90	90	90
Nevada Outdoor School	-	229	229	121
Nevada Women's Fund	-	1,405	1,405	1,970
Nevada Youth Empowerment Project	-	894	894	1,401
Nevada Youth Ski Education Foundation	-	385	385	634
Northern Nevada Children's Cancer Foundation	-	1,765	1,765	1,548
Northern Nevada H.O.P.E.S.	-	485	485	805
Northern Nevada Literacy Council	87,500	-	87,500	131,250
Northern Nevada Rave Family Foundation	-	436	436	517
NV Energy	-	-	-	943
Petsmart Charities	-	81	81	-
Planned Parenthood Mar Monte	-	4,029	4,029	4,549
Project M.A.N.A.	-	10,000	10,000	10,000
R.S.V.P. - Nevada Rural Counties	-	135	135	626
R.S.V.P. Elko	-	-	-	67
R.S.V.P. of Winnemucca	-	340	340	180
Ray of Hope Humane Society	-	-	-	173
Reno/Sparks Gospel Mission, Inc.	-	600	600	710
Reno/Sparks Tribal Health Center	-	-	-	356
Ridge House, Inc.	-	-	-	427
Ronald McDonald House Charities	-	368	368	843
S.A.F.E. House, Inc.	-	-	-	404
Safe Haven Wildlife Sanctuary	-	180	180	-
Salvation Army - Nye County	-	164	164	49
Salvation Army, The - Reno	-	-	-	69
Senior Citizens of Humboldt County, Inc.	-	-	-	29
Sierra Arts Foundation	-	35	35	-
Sierra Nevada Journeys	59,336	-	59,336	89,004
Sierra Nevada Teen Ranch	-	-	-	38
Silver Sage Senior Center	-	339	339	-
South Lake Tahoe Humane Society	-	31	31	11
SPCA of Northern Nevada	-	140	140	451
Special Childrens Clinic Parents Aux Inc	-	-	-	93
St. James Antiochian Orthodox Church	-	360	360	-
St. Jude's Children's Research Hospital	-	650	650	898

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
DISTRIBUTIONS TO AGENCIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Community Impact Projects	Designations	Total	Total (Memorandum Only)
St. Vincent's Dining Room	\$ -	\$ 7	\$ 7	-
St. Vincent's Food Pantry-Reno	-	-	-	216
Stand Up to Cancer	-	277	277	-
Step 2	-	1,133	1,133	1,634
Summit Christian Church	-	1,109	1,109	1,336
Susan G. Komen For the Cure	-	929	929	292
Tahoe Family Solutions	-	8,500	8,500	8,500
Tahoe Safe Alliance	-	8,000	8,000	8,000
Tahoe Youth & Family Services	-	1,050	1,050	1,304
The First Tee	-	-	-	182
The Note-Ables	-	-	-	588
The Trevor Project	-	32	32	-
Tonopah Senior Center	-	145	145	163
Trauma Intervention Programs, Inc.	-	-	-	356
Truckee Meadows Community College Fndtn.	-	-	-	90
Truckee Meadows Tomorrow	-	-	-	315
United Way of Northwest Louisiana	-	16	16	-
United Way of the Bay Area	-	-	-	22
United Way of the Columbia	-	349	349	-
University of Nevada Reno Foundation	-	-	-	432
VA Voluntary Service Vietnam Veterans Outreach	-	327	327	-
Veterans Guest House, Inc.	-	132	132	232
Veterans of Foreign Wars	-	14	14	563
Vietnam Veterans Outreach Vet Center	-	-	-	173
Volunteers of America Northern Cal & NV	-	-	-	31
Walker Lake Working Group, Inc.	-	200	200	59
Walter Reed Society	-	15	15	-
Washoe County Domestic Violence Task Forc	-	304	304	890
Washoe County Senior Services	-	-	-	43
Washoe Legal Services	-	-	-	90
We Care Volunteers	-	141	141	743
Wells Family Resource Center	38,164	339	38,503	57,246
Whittemore Peterson Institute for Neuro	-	-	-	72
Winnemucca Community Garden	-	82	82	-
Winnemucca Domestic Violence Shelter, Inc	-	105	105	505
Winnemucca Ministerial Assc. Inc.	-	-	-	260
Wounded Warrior Project	-	30	30	1,159
Young Citizen's Activities Center	-	358	358	388
Young Life	-	-	-	38
Total distributions	235,000	92,832	327,832	473,360
Other direct programs community initiatives	103,423	-	103,423	14,311
Total distributions to agencies	\$ 338,423	\$ 92,832	\$ 431,255	\$ 487,671

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
SUPPORT SERVICES EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Accountability Operations	Resource Development	Total	Total (Memorandum Only)
Salaries	\$ 77,532	\$ 86,369	\$ 163,901	\$ 101,401
Payroll taxes	5,777	6,960	12,737	8,445
Employee benefits	13,021	6,414	19,435	13,709
Retirement benefits	7,822	1,738	9,560	6,953
Total salaries and related expenses	104,152	101,481	205,633	130,508
Bank fees	759	859	1,618	1,608
Conferences	1,043	-	1,043	4,687
Contract services	19,238	11,319	30,557	114,114
Insurance	599	653	1,252	2,128
Interest	-	-	-	170
Marketing	5,566	15,242	20,808	6,817
Membership dues	1,954	1,420	3,374	5,728
Miscellaneous	1,258	206	1,464	1,452
National dues	3,973	2,451	6,424	5,270
Occupancy	19,535	15,532	35,067	28,628
Postage	-	8,840	8,840	879
Printing and publications	150	2,010	2,160	6,251
Rental and maintenance of equipment	1,866	3,178	5,044	7,044
Software	2,933	3,028	5,961	10,622
Supplies	1,435	1,164	2,599	1,943
Telephone	6,805	6,463	13,268	13,096
Travel	563	3,333	3,896	7,920
Total expenses before depreciation	171,829	177,179	349,008	348,865
Depreciation of property and equipment	2,142	2,802	4,944	5,918
Total expenses	\$ 173,971	\$ 179,981	\$ 353,952	\$ 354,783

See accompanying notes

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
CAMPAIGN RESULTS AND FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

CAMPAIGN RESULTS

Campaign results	
Current year campaign results	\$ 1,275,671
Donor designations	<u>(410,346)</u>
Undesignated campaign contributions	<u>\$ 865,325</u>

FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION

	<u>AMOUNT</u>	<u>PERCENT</u>
REVENUE		
Total support and other revenue	\$ 992,640	
Add: amounts designated for specific agencies	<u>410,346</u>	
Total revenue	1,402,986	100.0%
ALLOCATIONS AND FUNCTIONAL EXPENSES		
Allocations and community services		
Funds allocated to community agencies	338,423	24.1%
Funds allocated through donor designations	410,346	29.2%
Direct program costs	<u>477,062</u>	<u>34.0%</u>
Total allocations and community services	1,225,831	87.4%
Support expenses		
Fund raising	177,530	12.7%
Management and general	169,998	12.1%
Dues to United Way of America	<u>6,424</u>	<u>0.5%</u>
Total overhead expenses	<u>353,952</u>	<u>25.3%</u>
Total allocations and functional expenses	<u>1,579,783</u>	<u>112.6%</u>
Change in net assets	<u>\$ (176,797)</u>	<u>-12.6%</u>

See accompanying notes