

UNITED WAY OF GREATER FALL RIVER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

UNITED WAY OF GREATER FALL RIVER, INC.
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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Greater Fall River, Inc.
Fall River, Massachusetts

We have audited the accompanying financial statements of United Way of Greater Fall River, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 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 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 auditors' 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 Greater Fall River, Inc. as of June 30, 2018, and the changes in its 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 Summarized Comparative Information

We have previously audited the United Way of Greater Fall River, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meyer, Regan & Wilner, LLP

September 10, 2018

UNITED WAY OF GREATER FALL RIVER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 257,357	\$ 335,806
Other Receivable	5,000	1,581
Pledges Receivable (Less: Allowance for Uncollectible Pledges of \$100,180 (2018) and \$88,474 (2017))	416,430	439,159
Contribution Receivable from Charitable Remainder Unitrust	335,004	316,007
Prepaid Rent	3,330	3,330
Promises to Give	105,000	111,000
Investments:		
Endowment	4,571,625	4,408,046
Operating	682,029	505,462
Cash Surrender Value, Life Insurance	13,941	13,553
Property and Equipment, Net	3,015	4,065
Beneficial Interest in Perpetual Trusts	<u>796,469</u>	<u>794,445</u>
TOTAL ASSETS	<u>\$ 7,189,200</u>	<u>\$ 6,932,454</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accruals	\$ 1,117	\$ 1,159
Grants Payable	140,912	112,985
Allocations and Designations Payable	392,947	373,051
Annuity Payment Liability	<u>15,081</u>	<u>15,981</u>
Total Liabilities	<u>550,057</u>	<u>503,176</u>
<u>Net Assets</u>		
Unrestricted	3,315,411	3,128,674
Temporarily Restricted	2,903	796
Permanently Restricted	<u>3,320,829</u>	<u>3,299,808</u>
Total Net Assets	<u>6,639,143</u>	<u>6,429,278</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,189,200</u>	<u>\$ 6,932,454</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF GREATER FALL RIVER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>Unrestricted Net Assets</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>	
	<u>Current</u>	<u>Endowment</u>	<u>Restricted</u>	<u>Restricted</u>	<u>2018</u>	<u>2017</u>
				<u>Endowment</u>		
<u>Public Support</u>						
Campaign Pledges	\$ 1,251,096	\$ 50,300	\$ 2,903	\$ -	\$ 1,304,299	\$ 1,132,679
Recovery of Prior Year Pledges	15,917	-	-	-	15,917	33,289
Less: Allowance for Uncollectible Pledges	(100,180)	-	-	-	(100,180)	(91,501)
Allocations Designated by Donors	<u>(176,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,593)</u>	<u>(95,730)</u>
Total Public Support	<u>990,240</u>	<u>50,300</u>	<u>2,903</u>	<u>-</u>	<u>1,043,443</u>	<u>978,737</u>
<u>Other Revenue</u>						
Miscellaneous Income, Net	2,564	100	-	-	2,664	1,106
Donated Services	3,120	-	-	-	3,120	3,120
Investment Return	51,668	299,100	50,135	-	400,903	568,908
Investment Income, Perpetual Trusts	-	47,111	-	-	47,111	45,990
Revaluation of Beneficial Interest in Perpetual Trusts	-	-	-	2,024	2,024	15,654
Change in Values of Split-Interest Agreements	<u>-</u>	<u>(1,645)</u>	<u>-</u>	<u>18,997</u>	<u>17,352</u>	<u>28,351</u>
Total Other Revenue	<u>57,352</u>	<u>344,666</u>	<u>50,135</u>	<u>21,021</u>	<u>473,174</u>	<u>663,129</u>
<u>Net Assets Released from Restrictions</u>	<u>796</u>	<u>50,135</u>	<u>(50,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>1,048,388</u>	<u>445,101</u>	<u>2,107</u>	<u>21,021</u>	<u>1,516,617</u>	<u>1,641,866</u>
<u>Expenses</u>						
Program Services:						
Agency Allocations and Grants	825,708	-	-	-	825,708	833,706
Community Service Program	79,375	-	-	-	79,375	76,864
General and Administration	160,635	-	-	-	160,635	163,228
Fundraising	241,034	-	-	-	241,034	233,189
Total Expenses	<u>1,306,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,306,752</u>	<u>1,306,987</u>
Change in Net Assets	(258,364)	445,101	2,107	21,021	209,865	334,879
Transfers between Funds	295,317	(295,317)	-	-	-	-
Net Assets, Beginning of Year	<u>696,095</u>	<u>2,432,579</u>	<u>796</u>	<u>3,299,808</u>	<u>6,429,278</u>	<u>6,094,399</u>
Net Assets, End of Year	<u>\$ 733,048</u>	<u>\$ 2,582,363</u>	<u>\$ 2,903</u>	<u>\$ 3,320,829</u>	<u>\$ 6,639,143</u>	<u>\$ 6,429,278</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF GREATER FALL RIVER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Allocations and <u>Grants</u>	Community <u>Service</u>	General and <u>Admin.</u>	<u>Fundraising Expenses</u>			<u>Total</u>	
				<u>General</u>	<u>Endowment</u>	<u>Total</u>	<u>2018</u>	<u>2017</u>
<u>Salaries and Related Expenses</u>								
Salaries	\$ -	\$ 44,817	\$ 92,372	\$ 98,075	\$ 7,640	\$ 105,715	\$ 242,904	\$ 241,978
Health Insurance	-	8,707	13,028	19,351	1,265	20,616	42,351	21,254
Pension and Other Benefits	-	5,676	7,980	11,969	795	12,764	26,420	25,910
Workmen's Comp. Insurance	-	-	(52)	(77)	-	(77)	(129)	717
Payroll Taxes	-	4,499	8,349	10,070	729	10,799	23,647	24,703
Total Salaries and Related Expenses	-	63,699	121,677	139,388	10,429	149,817	335,193	314,562
Professional Fees	-	1,632	3,192	4,803	4,488	9,291	14,115	13,750
Investment Fees	-	-	1,283	1,925	23,804	25,729	27,012	26,102
Promotion and Recruitment	-	5,074	7	20	-	20	5,101	5,211
Bank and Credit Card Fees	-	-	1,193	1,798	-	1,798	2,991	2,439
Computer Service Fees	-	424	246	1,953	-	1,953	2,623	2,760
Office Supplies, Small Equipment and Fixtures	-	915	1,794	2,942	-	2,942	5,651	6,547
Telephone	-	742	1,359	2,018	-	2,018	4,119	4,974
Postage and Shipping	-	609	2,699	4,226	700	4,926	8,234	7,727
Relocation Expense	-	-	-	-	-	-	-	8,877
Occupancy	-	3,963	15,402	23,033	-	23,033	42,398	43,595
General Insurance	-	322	626	949	-	949	1,897	3,347
Repairs	-	-	106	158	-	158	264	928
Printing and Publications	-	439	3,920	6,252	-	6,252	10,611	11,208
Auto Allowance	-	92	232	349	-	349	673	774
Lunches, Dinners and Meetings	-	-	174	261	-	261	435	1,060
Dues	-	-	304	382	-	382	686	916
Awards	-	-	1,649	3,932	-	3,932	5,581	1,341
Miscellaneous	-	48	80	123	-	123	251	270
National and State Dues	-	1,248	4,377	6,534	-	6,534	12,159	13,530
Allocations to Agencies and Affiliates	609,030	-	-	-	-	-	609,030	647,011
Grants and Awards	216,678	-	-	-	-	-	216,678	186,695
Aid to Individuals	-	-	-	-	-	-	-	195
	825,708	79,207	160,320	201,046	39,421	240,467	1,305,702	1,303,819
Depreciation	-	168	315	483	84	567	1,050	3,168
Total Expenses	<u>\$ 825,708</u>	<u>\$ 79,375</u>	<u>\$ 160,635</u>	<u>\$ 201,529</u>	<u>\$ 39,505</u>	<u>\$ 241,034</u>	<u>\$ 1,306,752</u>	<u>\$ 1,306,987</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF GREATER FALL RIVER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 209,865	\$ 334,879
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,050	3,168
Allowance for Uncollectible Pledges	11,706	(10,141)
Change in Values of Split-Interest Agreements	(17,352)	(28,351)
Revaluation of Beneficial Interest in Perpetual Trusts	(2,024)	(15,654)
Net Realized and Unrealized Gains on Investments	(216,760)	(435,693)
(Increase) Decrease in:		
Other Receivable	(3,419)	3,419
Pledges Receivable, Gross	11,023	9,739
Prepaid Rent	-	5,475
Promises to Give	6,000	-
Cash Surrender Value, Life Insurance	(388)	(381)
Increase (Decrease) in:		
Accounts Payable and Accruals	(42)	(8,113)
Grants Payable	27,927	(7,639)
Allocations and Designations Payable	19,896	(28,670)
Annuity Payment Liability	(2,545)	(2,545)
	44,937	(180,507)
Net Cash Provided (Used) by Operating Activities		
<u>Cash Flows from Investing Activities:</u>		
Purchase of Equipment	-	(2,400)
Purchases of Investments	(2,257,551)	(1,355,842)
Proceeds from Sales of Investments	2,134,165	1,764,105
	(123,386)	405,863
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	(78,449)	225,356
Cash, Beginning	335,806	110,450
Cash, Ending	\$ 257,357	\$ 335,806

The accompanying notes are an integral part of these financial statements

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Greater Fall River, Inc., (the Organization), was incorporated on December 12, 1957. It was created to organize an annual campaign drive to provide funding for social service agencies in Greater Fall River. The primary funding source is donor contributions from individuals and businesses located in the region.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The assets and liabilities of the Organization have been presented in order of liquidity.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund, however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the Statement of Financial Position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. These net assets classifications are described as follows:

Unrestricted net assets include the following:

Current - Consists of resources available to support operations associated with the Organization's principal exempt purpose to provide funding for local social service agencies.

Endowment - An established fund of cash, securities and other assets to provide income for the maintenance of the Organization. The Board of Directors has earmarked a portion of unrestricted net assets as a board-designated endowment to be invested to provide income for a long but unspecified period.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. Also maintained in this classification is the Organization's beneficial interest in perpetual trusts.

Summarized Financial Information for June 30, 2017

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, to be cash equivalents, except for money market funds included in the investment portfolio. There were no cash equivalents at June 30, 2018.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments include assets of which the Board of Directors retains full control to use in achieving any of their organizational purposes, assets whose use by the Organization have been permanently restricted by donors, and assets restricted by outside sources which may only be utilized in accordance with purposes established by the donor of such funds.

Included in investments are certain money market funds with maturities of less than three months. Such money market funds are held for the express purpose of investments. All investment income and sale proceeds are deposited in these accounts until the funds can be reinvested or distributed. As such, these money market funds are reported as investments rather than cash equivalents in the accompanying financial statements.

Fair Value Measurements

The Organization measures the fair value of certain assets and liabilities based upon valuation techniques that include observable and unobservable inputs and assumptions that market participants would use in pricing these assets and liabilities and uses a fair value hierarchy that prioritizes the information used to develop those assumptions.

The fair value hierarchy is summarized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements:

The following section describes the valuation methodologies used to measure financial assets and liabilities at fair value on a recurring basis.

Investments: Quoted market prices are used to determine the fair value of the investments and they are included in Level 1. The Organization had no liabilities measured at fair value on a recurring basis as of June 30, 2018. Details of the investments are discussed in Note 7.

Nonrecurring Measurements:

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. The Organization had no assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2018.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Equipment and Depreciation

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Additions, improvements, and expenditures equal to \$1,000 or more that significantly add to the productivity or extend the economic life of the assets are capitalized. Depreciation is computed using straight-line methods over estimated useful lives of the assets. Other expenditures for repairs and maintenance are charged to operations in the year the costs are incurred.

Revenue Recognition

Fundraising campaigns are conducted from early fall to early spring to raise support for allocations to participating agencies. Pledges received in connection with the campaign are recorded as revenue and an allowance is provided for amounts estimated to be uncollectible. Pledges are reported at their fair value. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

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 donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Additionally, campaign pledges received and designated by the donor for specified beneficiaries are not included as support to the Organization but rather as a liability until paid out.

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

Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is determined based on historical campaign pledge loss factors and estimates of future pledge losses. The uncollectible factor is based on an analysis of the overall campaign, including corporate gifts, individual gifts and employee workplace campaigns. The allowance for uncollectible pledges has been provided against the outstanding pledges for the 2017 Campaign.

Split-Interest Agreements

Assets received under various split-interest agreements, including perpetual trusts and charitable remainder unitrust, are recorded at fair value and in the appropriate net asset category based on donor stipulation. Contributions are recognized as revenue upon notification of the trust's existence and are equal to the fair value on that date. The fair value of the contribution is measured using the fair value of the assets in the trust. On an annual basis the trust asset is adjusted to reflect changes in fair value due to appreciation or depreciation and the resulting unrealized gain or loss is included in the statement of activities.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Expenses

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills and would otherwise be purchased by the Organization. Volunteers provide various services during the year that have not been recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates

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

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 180 of the general laws of the Commonwealth of Massachusetts. Accordingly, no provisions have been made for federal and state income taxes in the accompanying financial statements.

The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

New Accounting Pronouncements

Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities, an amendment to Topic 958, Not-for-Profit Entities*, was issued by the Financial Accounting Standards Board in June 2016 with an effective date for fiscal years beginning after December 15, 2017. The purpose of this amendment is to improve the transparency and utility of information contained in the financial statements of such entities. Net assets will be presented in two categories, net assets with donor restrictions and net assets without donor restrictions, as opposed to the current three categories. Additional information and disclosures will be required to enable a reader to more readily understand liquidity limitations due to restrictions on net assets. Early application is permitted. Management has not begun its review of the standards, but does not expect implementation to have a material effect on financial position or results of operations.

Note 2 - PROMISES TO GIVE

The Organization has unconditional promises to give of \$105,000 to be held in perpetuity upon receipt. Once received, the earnings will be limited to use for specific purposes by the donors.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3 - PLEDGES AND CONTRIBUTION RECEIVABLE

At June 30, 2018, annual campaign pledges and contribution receivable consist of the following:

	<u>Current</u>	<u>Endowment</u>	<u>Total</u>
Pledges Due in Less than One Year	\$ 516,610	\$ -	\$ 516,610
Less: Allowance for Uncollectible Pledges	(100,180)	-	(100,180)
Charitable Remainder Unitrust	-	335,004	335,004
Total Pledges and Contribution Receivable	\$ 416,430	\$ 335,004	\$ 751,434

The receivable for the Charitable Remainder Unitrust has been adjusted to the gift's fair value at June 30, 2018.

Note 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Office Equipment	\$ 25,270
Less: Accumulated Depreciation	(22,255)
Total Property and Equipment	\$ 3,015

Depreciation expense during the year totaled \$1,050.

Note 5 - SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

The Organization has two charitable gift annuity arrangements in which the donors have contributed assets in exchange for distributions of a fixed amount for a specified period of time to designated beneficiaries. The transferred assets are held as general assets of the Organization and the related annuity liabilities have been recorded. These arrangements are irrevocable and unrestricted as to the use of the funds. The present value of the liability for future payments is revalued annually based on the donor's life expectancy. This amounted to depreciation of \$(1,645) for the year ended June 30, 2018. At June 30, 2018, the fair value of the estimated future annuity payments is \$15,081.

Charitable Remainder Unitrust

The Organization is a 50% beneficiary named in a charitable remainder unitrust. After recording the initial contribution receivable of \$265,000, the Organization annually remeasures the present value of the estimated future benefit to be received when the agreement terminates. The fair value of the future benefit to be received is \$335,004 at June 30, 2018, as adjusted for unrealized appreciation of \$18,997.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 6 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization has been named as an income beneficiary of three separate trusts, which are held in perpetuity by independent trustees. The Organization has an irrevocable right to receive their percent of the income earned on the trust assets, but will never receive the invested assets of the trusts. The total income distributed to the Organization from these trusts, (\$47,111 for the year ended June 30, 2018), is unrestricted and included in the unrestricted endowment fund. The trust assets are presented at their fair value and reflected in permanently restricted net assets. The Statement of Activities reflects the current earnings as investment income and, when applicable, the change in the fair value that occurs as a result of market fluctuations as unrealized gain or loss in permanently restricted net assets. At June 30, 2018, the change resulted in unrealized net gains of \$2,024 which have been reflected in permanently restricted net assets.

Note 7 - FAIR VALUE MEASUREMENTS

The composition of investment return is as follows:

Interest and Dividend Income	\$ 184,143
Realized and Unrealized Gains, Net	<u>216,760</u>
Investment Return	400,903
Perpetual Trust Distributions	47,111
Less: Investment Fees	<u>(27,012)</u>
Investment Return, Net	<u>\$ 421,002</u>

The Organization's investments and perpetual trusts measured using the fair value hierarchy on a recurring basis are summarized in the following table:

	<u>Cost</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ 762,705	\$ 750,632	\$ -	\$ 750,632
Equity Securities	2,910,641	3,852,608	-	3,852,608
Money Market Fund	225,121	225,121	-	225,121
Mutual Funds	297,780	324,840	-	324,840
REITS	<u>92,172</u>	<u>100,453</u>	-	<u>100,453</u>
Investments Total	<u>\$ 4,288,419</u>	5,253,654	-	5,253,654
Perpetual Trusts		<u>-</u>	<u>796,469</u>	<u>796,469</u>
Total		<u>\$ 5,253,654</u>	<u>\$ 796,469</u>	<u>\$ 6,050,123</u>

The Organization recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels at June 30, 2018.

Beneficial Interest in Perpetual Trusts

Fair value for the beneficial interest in perpetual trusts is measured using the fair value of the assets held in the trusts as reported by the trustee at June 30, 2018, and adjusted by the Organization's percentage interest. The Organization considers the measurement of its beneficial interest in the trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 7 - FAIR VALUE MEASUREMENTS (CONT'D)

Beneficial Interest in Perpetual Trusts (Cont'd)

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3) for the year ended June 30, 2018:

Balance, Beginning of Year	\$ 794,445
Totals Gains Recognized in the Change in Permanently Restricted Net Assets:	
Change in Value of Perpetual Trusts	<u>2,024</u>
Balance, End of Year	<u>\$ 796,469</u>

Note 8 - DONOR-RESTRICTED FUNDS

Professional accounting standards provide guidance on the net asset classification of donor restricted funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") which serves as a model act for states to modernize their laws governing donor restricted funds.

The Board has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of bequests donated to the permanent endowment.

Permanently restricted net assets include endowment funds totaling \$1,002,692 (known collectively as "Service Funds") that contain donor restrictions as to the use of income for particular services funded by the Organization. Annually, the Organization calculates approximately 5% of the Service Funds and transfers the amount, \$50,135 for 2018, to operations for allocation to the specified services.

Additionally, the Organization calculates approximately 4½% of the sum of a three-year average balance of the aggregate of its investment portfolio, savings account and beneficial interest in perpetual trusts, less the Service Funds mentioned above. For 2018, this amounted to \$195,132 and was transferred to support its operations.

The funds serve two primary objectives, both the generation of current income and long-term growth. The income of the funds is used to provide revenue for the services designated by the donor. If undesignated by the donor, the income of the funds is used to provide revenue to offset administration expenses. Additional funds may be drawn to provide support for the annual campaign to enable the goal to be realized in times of economic upheaval.

The Board recognizes that the long-term needs of the Organization will be best met by maintaining a strong and healthy endowment portfolio. The growth helps offset the negative implications of rising inflation and dips in the business cycle, which may result in incremental demands from the portfolio.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8 - DONOR-RESTRICTED FUNDS (CONT'D)

The composition of and changes in these funds are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of Year, 7/1/17	\$ 2,329,540	\$ 150	\$ 2,078,356	\$ 4,408,046
Addition	54,000	-	6,000	60,000
Investment Income	111,011	50,135	-	161,146
Realized and Unrealized Gains, Net	187,700	-	-	187,700
Appropriated for Expenditure	<u>(194,982)</u>	<u>(50,285)</u>	<u>-</u>	<u>(245,267)</u>
End of Year, 6/30/18	<u>\$ 2,487,269</u>	<u>\$ -</u>	<u>\$ 2,084,356</u>	<u>\$ 4,571,625</u>

Note 9 - NET ASSETS

The detail of the Organization's net asset categories at June 30, 2018 is as follows:

Unrestricted:		
Designated Portion of Investment Portfolio		\$ 2,487,269
Designated for Disaster Relief		81,500
Undesignated		<u>746,642</u>
		<u>3,315,411</u>
Temporarily Restricted:		
Campaign Pledges Received for Future Period		<u>2,903</u>
Permanently Restricted:		
Invested Gifts, at Original Value		2,084,356
Charitable Remainder Unitrust		335,004
Promises to Give		105,000
Beneficial Interest in Perpetual Trusts		<u>796,469</u>
		<u>3,320,829</u>
		<u>\$ 6,639,143</u>

Note 10- OPERATING LEASES

Building

The Organization has a ten-year lease agreement for its premises, expiring September 30, 2026. The monthly rent is \$3,330 for the first 60 months, increasing to \$3,500 per month for the remainder of the term. Rent expense includes additional charges for utilities and cleaning services and totaled \$42,398 for the year ended June 30, 2018.

Equipment

The Organization leases office equipment under an operating lease requiring quarterly payments, including taxes and fees, of \$893. During the year, rental expense amounted to \$3,578.

UNITED WAY OF GREATER FALL RIVER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 10- OPERATING LEASES (CONT'D)

The minimum lease payments required under all operating leases during the next five years and in the aggregate are as follows at June 30:

2019	\$ 43,540
2020	43,540
2021	41,153
2022	41,490
2023	42,000
Thereafter	<u>136,500</u>
	<u>\$ 348,223</u>

Note 11- RELATED PARTY TRANSACTIONS

The Organization purchased printing and other services from the businesses of two members who serve on the Board of Directors totaling \$14,305.

Note 12- DONATED SERVICES

The Organization received printing services at no charge, valued at a total of \$3,120.

Note 13- PENSION PLAN

The Organization has a retirement savings program covering substantially all of its employees. Employees are allowed to make salary reduction contributions to the plan. Employer contributions are based on 8% of qualified salaries. Total pension expense was \$19,996 during the year.

Note 14- RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks.

Note 15- CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of pledges receivable due to the geographic concentration of the donors, substantially all of whom are local residents and companies.

Note 16- SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 10, 2018, the date the financial statements were available to be issued.