

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements
(with Independent Accountant's Review Report Thereon)

Years Ended August 31, 2017 and 2016

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Independent Accountant's Review Report

Members of the Board of Directors
United Way of Southeast Alaska
Juneau, Alaska

We have reviewed the accompanying financial statements of United Way of Southeast Alaska (a nonprofit organization), which comprise the statements of financial position as of August 31, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Members of the Board of Directors
United Way of Southeast Alaska

Other Matters

The August 31, 2016 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated December 19, 2016, but we have not performed any auditing procedures since that date.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that United Way of Southeast Alaska will continue as a going concern. As discussed in Note VIII to the financial statements, United Way of Southeast Alaska has suffered recurring significant reductions in campaign revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note VIII. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



Anchorage, Alaska
January 8, 2018

UNITED WAY OF SOUTHEAST ALASKA

Statements of Financial Position

August 31, 2017 (Reviewed) and 2016 (Audited)

	<u>2017</u> <u>(Reviewed)</u>	<u>2016</u> <u>(Audited)</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 24,195	9,026
Certificates of deposit	36,628	82,722
Pledges receivable	128,533	123,599
Contract receivable	13,178	-
Other receivable	44	44
Prepaid expenses	1,979	3,355
Total current assets	<u>204,557</u>	<u>218,746</u>
Non-current:		
Equipment, net of accumulated depreciation of \$7,985 in 2017 and \$7,985 in 2016	<u>-</u>	<u>-</u>
Total assets	<u><u>204,557</u></u>	<u><u>218,746</u></u>
Liabilities:		
Accounts payable	16,582	20,073
Designations payable	122,380	110,168
Accrued payroll	15,310	12,884
Deferred revenue	2,417	500
Total liabilities	<u>156,689</u>	<u>143,625</u>
Net assets:		
Temporarily restricted:		
Literacy Program	31,022	36,841
Disabilities Awareness and Empathy Training	3,835	1,956
Financial Literacy	1,449	1,674
Total temporarily restricted net assets	<u>36,306</u>	<u>40,471</u>
Unrestricted:		
Undesignated	<u>11,562</u>	<u>34,650</u>
Total net assets	<u>47,868</u>	<u>75,121</u>
Total liabilities and net assets	<u>\$ 204,557</u>	<u>218,746</u>

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Activities

Years ended August 31, 2017 (Reviewed) and 2016 (Audited)

	2017 (Reviewed)			2016 (Audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
SHARE campaign	\$ 69,773	-	69,773	84,391	-	84,391
Private campaign	239,532	-	239,532	258,514	-	258,514
Combined federal campaign	34,229	-	34,229	32,048	-	32,048
Designations from other united ways	7,734	-	7,734	-	-	-
Total campaign results	351,268	-	351,268	374,953	-	374,953
Less:						
Donor designations	(181,230)	-	(181,230)	(182,988)	-	(182,988)
Provision for uncollectable campaign pledges expense	-	-	-	(2,354)	-	(2,354)
Net campaign results	170,038	-	170,038	189,611	-	189,611
Collections of prior year campaign contributions greater than amount anticipated	14,766	-	14,766	-	-	-
Non-campaign contributions	29,639	4,700	34,339	-	29,300	29,300
Contract revenue	13,180	-	13,180	-	-	-
Miscellaneous income	633	-	633	8,347	-	8,347
In-kind contributions	1,850	-	1,850	62,234	-	62,234
Program tuition	28,499	-	28,499	19,024	-	19,024
Interest income	359	-	359	473	-	473
Net assets released from restriction	8,865	(8,865)	-	29,204	(29,204)	-
Total revenues and support	267,829	(4,165)	263,664	308,893	96	308,989
Expenses:						
Program services:						
Fund distributions	11,850	-	11,850	9,945	-	9,945
Community impact	69,986	-	69,986	94,044	-	94,044
Total program services	81,836	-	81,836	103,989	-	103,989
Supporting services:						
Management and general	148,664	-	148,664	134,636	-	134,636
Fundraising	60,417	-	60,417	124,861	-	124,861
Total supporting services	209,081	-	209,081	259,497	-	259,497
Total expenses	290,917	-	290,917	363,486	-	363,486
Change in net assets	(23,088)	(4,165)	(27,253)	(54,593)	96	(54,497)
Net assets at beginning of year	34,650	40,471	75,121	89,243	40,375	129,618
Net assets at end of year	\$ 11,562	36,306	47,868	34,650	40,471	75,121

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses

Years ended August 31, 2017 (Reviewed) and 2016 (Audited)

	2017 (Reviewed)						Total Program and Supporting Services
	Program Services			Supporting Services			
	Fund Distributions	Community Impact	Total	Management and General	Fundraising	Total	
Expenses:							
Salaries and benefits	\$ -	36,926	36,926	77,150	17,821	94,971	131,897
Stipend	-	650	650	-	-	-	650
Payroll taxes	-	3,280	3,280	6,331	1,465	7,796	11,076
Professional fees	11,850	13,829	25,679	26,892	2,962	29,854	55,533
Office rent	-	-	-	13,733	-	13,733	13,733
Telephone and Internet	-	-	-	3,929	-	3,929	3,929
Office supplies	-	1,172	1,172	3,168	34	3,202	4,374
Printing	-	742	742	13	12,466	12,479	13,221
Postage	-	100	100	406	6,129	6,535	6,635
Advertising	-	752	752	250	11,964	12,214	12,966
Fees and licenses	-	100	100	5,014	590	5,604	5,704
Bank fees	-	-	-	140	2,122	2,262	2,262
Insurance	-	-	-	1,901	-	1,901	1,901
Events and meetings	-	3,713	3,713	4,517	2,755	7,272	10,985
Training and development	-	38	38	833	-	833	871
SE travel	-	1,994	1,994	4,024	1,559	5,583	7,577
Technology operations	-	1,500	1,500	-	-	-	1,500
Recognition awards	-	5,190	5,190	363	550	913	6,103
Total expenses	\$ <u>11,850</u>	<u>69,986</u>	<u>81,836</u>	<u>148,664</u>	<u>60,417</u>	<u>209,081</u>	<u>290,917</u>

(continued)

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses, continued

		2016 (Audited)						
		Program Services			Supporting Services			Total Program and Supporting Services
		Fund Distributions	Community Impact	Total	Management and General	Fundraising	Total	
Expenses:								
Salaries and benefits	\$	-	28,778	28,778	75,571	23,365	98,936	127,714
Payroll taxes		-	2,589	2,589	8,709	2,104	10,813	13,402
Grants to agencies		-	-	-	-	-	-	-
Professional fees		9,945	17,248	27,193	25,303	5,668	30,971	58,164
Office rent		-	13,733	13,733	-	3,530	3,530	17,263
Telephone and Internet		-	-	-	4,467	-	4,467	4,467
Office supplies		-	598	598	3,771	3,150	6,921	7,519
Printing		-	2,533	2,533	-	8,828	8,828	11,361
Postage		-	12	12	383	3,919	4,302	4,314
Advertising		-	1,676	1,676	77	69,256	69,333	71,009
Community relations		-	-	-	-	-	-	-
Fees and licenses		-	-	-	4,156	290	4,446	4,446
Bank fees		-	-	-	111	1,614	1,725	1,725
Insurance		-	-	-	3,241	-	3,241	3,241
Events and meetings		-	3,255	3,255	3,344	268	3,612	6,867
Training and development		-	1,135	1,135	931	25	956	2,091
SE travel		-	2,032	2,032	2,091	296	2,387	4,419
Technology operations		-	1,500	1,500	2,198	98	2,296	3,796
Depreciation		-	-	-	43	-	43	43
Recognition awards		-	18,955	18,955	240	2,450	2,690	21,645
Total expenses	\$	<u>9,945</u>	<u>94,044</u>	<u>103,989</u>	<u>134,636</u>	<u>124,861</u>	<u>259,497</u>	<u>363,486</u>

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Cash Flows

Years Ended August 31, 2017 (Reviewed) and 2016 (Audited)

	2017 <u>(Reviewed)</u>	2016 <u>(Audited)</u>
Cash flows from (used) by operating activities:		
Change in net assets	\$ (27,253)	(54,497)
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
Depreciation	-	43
(Increase) decrease in:		
Pledges receivable	(4,934)	17,928
Contract receivable	(13,178)	-
Prepaid expenses	1,376	420
(Increase) decrease in:		
Accounts payable	(3,491)	11,296
Designations payable	12,212	(15,431)
Accrued payroll	2,426	(156)
Deferred revenue	1,917	-
Net cash provided (used) by operating activities	<u>(30,925)</u>	<u>(40,397)</u>
Cash flows from (used) by investing activities:		
Sale of certificates of deposit	<u>46,094</u>	<u>30,263</u>
Increase (decrease) in cash and cash equivalents	15,169	(10,134)
Cash and cash equivalents at beginning of year	<u>9,026</u>	<u>19,160</u>
Cash and cash equivalents at end of year	\$ <u><u>24,195</u></u>	<u><u>9,026</u></u>
Supplemental disclosures:		
Noncash transactions - In-kind contributions	\$ <u><u>1,850</u></u>	<u><u>62,234</u></u>

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

August 31, 2017 (Reviewed) and 2016 (Audited)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Organization and Purpose

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through three different fundraising campaigns: the private campaign, SHARE (State of Alaska) Campaign, and the Combined Federal Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives, and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

B. Basis of Accounting

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, UWSEAK is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent the portion of net assets of UWSEAK that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represents the portion of net assets of UWSEAK whose use is limited by the donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of UWSEAK. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

Permanently restricted net assets represent the portion of net assets from contributions and grants whose use by UWSEAK is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWSEAK.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

E. Certificates of Deposit

UWSEAK classifies certificates of deposit with a maturity of greater than three months from year end as certificates of deposit.

F. Promises to Give and Donor Designations

Contributions from campaigns are recorded as revenue when United Way is notified in writing of an unconditional pledge. Donor designations are recognized as a receivable and a payable at the time the pledge is made to United Way and are not included in net campaign results.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

G. Prepaid Expenses

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid expenses.

H. Equipment

Purchased equipment and software are recorded at cost and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$5,000 are capitalized.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

I. Designations Payable

Designations payable are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions.

SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Designations payable consist of current year end amounts due from the Fall 2016 and 2015 campaign pledges.

J. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

K. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2017 and 2016 advertising costs were \$12,966 and \$71,009, respectively.

L. Income Tax Status

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's policy is to report interest and penalties associated with uncertain tax positions as interest expense and other expense respectively. Management is not aware of any uncertain tax positions that would require financial statement recognition or disclosure. With few exceptions, the Organization is not subject to audit of its tax returns prior to 2014.

M. Budgets

Budgets are adopted for operations annually and are revised as necessary throughout the year.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

N. 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, 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.

O. Fair Value of Financial Instruments

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) certificates of deposit, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

P. Donated Goods and Services

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Q. 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.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

II. CASH AND CASH EQUIVALENTS

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2017 and 2016, UWSEAK had no uninsured and uncollateralized deposits.

III. PLEDGES RECEIVABLE

The pledges receivable balance consist of pledges made during the Fall 2016 and 2014 campaigns, less any amounts received from those campaigns prior to August 31, 2017 and 2016, respectively. The amounts due for each campaign are as follows:

	<u>2017</u>	<u>2016</u>
Private Campaign	\$ 71,055	64,555
SHARE Campaign	22,021	38,691
Combined Federal Campaign	<u>35,457</u>	<u>20,353</u>
Total pledges receivable	\$ <u>128,533</u>	<u>123,599</u>

Management has determined all receivables are fully collectible therefore, no allowance for doubtful accounts has been established.

IV. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions at August 31, 2017 and 2016, respectively, as follows:

	<u>2017</u>	<u>2016</u>
Events	\$ 1,850	7,634
Advertising	<u>-</u>	<u>54,600</u>
	\$ <u>1,850</u>	<u>62,234</u>

All in-kind contributions were used to support program services of UWSEAK.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

V. EQUIPMENT

Equipment at August 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 7,985	7,985
Less: accumulated depreciation	<u>(7,985)</u>	<u>(7,985)</u>
Net equipment	\$ <u>-</u>	<u>-</u>

Depreciation expense for fiscal years 2017 and 2016 was \$0 and \$43, respectively.

VI. DESIGNATIONS PAYABLE

The designations payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution of the previous fall pledges received. These previous fall campaign pledges are payable after August 31, 2017 and 2016, respectively. At August 31, 2017 and 2016, the designations payable balances are as follows:

	<u>2017</u>	<u>2016</u>
Private Campaign	\$ 24,884	24,034
SHARE Campaign	31,550	58,427
CFC	<u>65,946</u>	<u>27,707</u>
Total agency	\$ <u>122,380</u>	<u>110,168</u>

VII. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors or contractors. During the years ended August 31, 2017 and 2016, UWSEAK incurred expenses related to the following grants and contributions as required by the donor or grantor:

	<u>2017</u>	<u>2016</u>
Literacy program	\$ 5,819	19,642
Financial Literacy	2,821	825
Disabilities awareness training	<u>225</u>	<u>8,737</u>
Total	\$ <u>8,865</u>	<u>29,204</u>

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

VIII. GOING CONCERN

UWSEAK has suffered recurring losses from operations from 2014 through 2017. Continuing operating losses are being assessed by the CEO; however there can be no assurance that they will be successful in accomplishing their objectives. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

IX. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 8, 2018, the date which the financial statements were available for issue. No events were identified that would require disclosure in accordance with generally accepted accounting principles.