

United Way
of Indian
River County,
Inc.

LIVE UNITED



United Way of
Indian River County

Years Ended
June 30, 2017
and 2016

Consolidated
Financial
Statements
and
Supplementary
Information

UNITED WAY OF INDIAN RIVER COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

November 15, 2017

Boards of Directors
United Way of Indian River County, Inc. and
United Way Foundation of Indian River County, Inc.
Vero Beach, Florida

We have audited the accompanying consolidated financial statements of *United Way of Indian River County, Inc. (a nonprofit entity) and United Way Foundation of Indian River County, Inc. (a nonprofit entity)* (together the "United Way"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of *United Way of Indian River County, Inc. and United Way Foundation of Indian River County, Inc.* as of June 30, 2017 and 2016, and the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2017	2016
Cash and cash equivalents	\$ 571,196	\$ 1,125,993
Restricted cash	110,502	189,595
Cash restricted for fiscal agent	-	146,649
Net unconditional promises to give	480,269	466,712
Other receivables	13,824	13,016
Interest receivable	4,107	12,364
Prepaid expenses	25,864	24,545
Investments	6,154,349	5,089,378
Net property and equipment	986,520	946,742
Total assets	\$ 8,346,631	\$ 8,014,994
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 19,739	\$ 13,316
Accrued payroll	22,807	24,090
Assets held for others	-	146,649
Total liabilities	42,546	184,055
Net assets		
Unrestricted		
Undesignated	537,270	146,632
Board designated	3,199,856	3,268,197
Total unrestricted	3,737,126	3,414,829
Temporarily restricted	3,140,742	3,015,681
Permanently restricted	1,426,217	1,400,429
Total net assets	8,304,085	7,830,939
Total liabilities and net assets	\$ 8,346,631	\$ 8,014,994

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Total campaign revenue	\$ 24,237	\$ 3,020,988	\$ -	\$ 3,045,225
Less donor designations	-	(178,609)	-	(178,609)
Less bad debt expense	-	(129,784)	-	(129,784)
Net campaign revenue	24,237	2,712,595	-	2,736,832
Other contributions	221,318	-	25,788	247,106
Rental income	800	-	-	800
Investment return, net	417,563	148,017	-	565,580
Net assets released from donor restrictions	2,735,551	(2,735,551)	-	-
Total public support and revenue	3,399,469	125,061	25,788	3,550,318
Expenses				
Program services				
Community support services	2,399,255	-	-	2,399,255
Support services				
Campaign fund development	406,062	-	-	406,062
Endowment operations	104,465	-	-	104,465
Management and general	167,390	-	-	167,390
Total support services	677,917	-	-	677,917
Total expenses	3,077,172	-	-	3,077,172
Changes in net assets	322,297	125,061	25,788	473,146
Net assets, beginning of year	3,414,829	3,015,681	1,400,429	7,830,939
Net assets, end of year	\$ 3,737,126	\$ 3,140,742	\$ 1,426,217	\$ 8,304,085

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Total campaign revenue	\$ 63,811	\$ 2,986,505	\$ -	\$ 3,050,316
Less donor designations	-	(148,594)	-	(148,594)
Less bad debt expense	-	(124,936)	-	(124,936)
Net campaign revenue	63,811	2,712,975	-	2,776,786
Other contributions	103,270	-	104,680	207,950
Investment return (loss), net	14,558	(2,558)	-	12,000
Net assets released from donor restrictions	2,592,855	(2,592,855)	-	-
Total public support and revenue	2,774,494	117,562	104,680	2,996,736
Expenses				
Program services				
Community support services	2,373,108	-	-	2,373,108
Support services				
Campaign fund development	381,145	-	-	381,145
Endowment operations	100,074	-	-	100,074
Management and general	153,772	-	-	153,772
Total support services	634,991	-	-	634,991
Total expenses	3,008,099	-	-	3,008,099
Changes in net assets	(233,605)	117,562	104,680	(11,363)
Net assets, beginning of year	3,648,434	2,898,119	1,295,749	7,842,302
Net assets, end of year	\$ 3,414,829	\$ 3,015,681	\$ 1,400,429	\$ 7,830,939

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2017

	Program Services	Support Services		
	Community Support Services	Campaign Fund Development	Endowment Operations	Management and General
Distributions				
Grants to agencies	\$ 1,526,184	\$ -	\$ -	\$ -
Other grants and relief efforts	290,638	-	-	-
Total distributions	1,816,822	-	-	-
Compensation				
Salaries	251,504	154,146	45,304	105,861
Payroll taxes	20,194	12,345	2,936	8,478
Fringe benefits	38,345	24,411	1,304	16,764
Total compensation	310,043	190,902	49,544	131,103
Promotion and awareness				
Campaign and fundraising	19,858	34,674	5,538	-
Printing and publications	3,217	20,830	3,236	607
Postage	875	15,128	2,732	644
Marketing and promotions	115,646	101,405	19,573	90
Total promotion and awareness	139,596	172,037	31,079	1,341
Services and supplies				
Occupancy	23,603	5,151	6,006	5,011
Insurance	14,685	2,350	4,800	2,545
Professional fees	6,482	3,791	5,592	2,604
Repairs and maintenance	8,728	1,389	-	1,505
Bank and investment fees	6,358	4,048	-	2,780
Office supplies	2,838	3,089	893	1,282
Telephone	5,083	813	2,062	1,499
Training and staff development	9,645	5,675	-	4,169
Meetings/community relations	8,770	1,605	12	1,076
Total services and supplies	86,192	27,911	19,365	22,471
Other expenses				
Membership dues	17,796	10,516	4,477	7,434
Depreciation	28,624	4,580	-	4,962
Loss on disposal of property and equipment	182	116	-	79
Total other expenses	46,602	15,212	4,477	12,475
Total expenses	\$ 2,399,255	\$ 406,062	\$ 104,465	\$ 167,390

The accompanying notes are an integral part of these consolidated financial statements.



Total Support Services	Total
\$ -	\$ 1,526,184
-	290,638
-	1,816,822
305,311	556,815
23,759	43,953
42,479	80,824
371,549	681,592
40,212	60,070
24,673	27,890
18,504	19,379
121,068	236,714
204,457	344,053
16,168	39,771
9,695	24,380
11,987	18,469
2,894	11,622
6,828	13,186
5,264	8,102
4,374	9,457
9,844	19,489
2,693	11,463
69,747	155,939
22,427	40,223
9,542	38,166
195	377
32,164	78,766
\$ 677,917	\$ 3,077,172

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016

	Program Services	Support Services		
	Community Support Services	Campaign Fund Development	Endowment Operations	Management and General
Distributions				
Grants to agencies	\$ 1,620,875	\$ -	\$ -	\$ -
Other grants and relief efforts	217,492	-	-	-
Total distributions	1,838,367	-	-	-
Compensation				
Salaries	208,575	179,814	42,313	93,547
Payroll taxes	17,614	14,994	3,156	7,862
Fringe benefits	35,129	30,543	1,157	16,016
Total compensation	261,318	225,351	46,626	117,425
Promotion and awareness				
Campaign and fundraising	31,227	57,962	7,102	-
Printing and publications	2,179	16,135	5,248	294
Postage	864	15,761	2,660	406
Marketing and promotions	109,720	14,934	11,782	829
Total promotion and awareness	143,990	104,792	26,792	1,529
Services and supplies				
Occupancy	23,961	5,130	6,000	5,272
Insurance	12,750	2,040	4,345	2,210
Professional fees	6,375	5,543	7,320	2,907
Repairs and maintenance	9,270	1,406	-	1,523
Bank and investment fees	5,331	4,705	-	2,440
Office supplies	4,155	4,749	1,392	1,984
Telephone	5,646	904	2,506	979
Training and staff development	6,467	7,638	-	3,236
Meetings/community relations	8,429	1,144	11	2,028
Total services and supplies	82,384	33,259	21,574	22,579
Other expenses				
Membership dues	15,345	12,527	5,082	6,687
Depreciation	31,502	5,040	-	5,460
Loss on retirement of assets	202	176	-	92
Total other expenses	47,049	17,743	5,082	12,239
Total expenses	\$ 2,373,108	\$ 381,145	\$ 100,074	\$ 153,772

The accompanying notes are an integral part of these consolidated financial statements.



Total Support Services	Total
\$ -	\$ 1,620,875
-	217,492
-	1,838,367
315,674	524,249
26,012	43,626
47,716	82,845
389,402	650,720
65,064	96,291
21,677	23,856
18,827	19,691
27,545	137,265
133,113	277,103
16,402	40,363
8,595	21,345
15,770	22,145
2,929	12,199
7,145	12,476
8,125	12,280
4,389	10,035
10,874	17,341
3,183	11,612
77,412	159,796
24,296	39,641
10,500	42,002
268	470
35,064	82,113
\$ 634,991	\$ 3,008,099

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ 473,146	\$ (11,363)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,166	42,002
Unrealized (gain) loss on investments	(450,903)	143,320
Gain on sale of investments	(11,628)	(58,521)
Loss on disposal of property and equipment	377	470
Contributions restricted for endowment	(25,788)	(104,680)
Changes in operating assets and liabilities which provided (used) cash:		
Cash restricted for fiscal agent	146,649	(76,424)
Net unconditional promises to give	(13,557)	(50,507)
Other receivables	(808)	(1,758)
Interest receivable	8,257	24,454
Prepaid expenses	(1,319)	(5,130)
Accounts payable and accrued liabilities	6,423	(8,565)
Accrued payroll	(1,283)	5,736
Assets held for others	(146,649)	76,424
Net cash provided by (used in) operating activities	21,083	(24,542)
Cash flows from investing activities		
Proceeds from sale of investments	422,987	927,583
Purchases of investments	(1,025,427)	(901,205)
Purchases of property and equipment	(78,321)	(25,532)
Net cash (used in) provided by investing activities	(680,761)	846
Cash flows from financing activities		
Contributions restricted for endowment	25,788	104,680
Change in restricted cash	79,093	(65,590)
Net cash provided by financing activities	104,881	39,090
Net (decrease) increase in cash and cash equivalents	(554,797)	15,394
Cash and cash equivalents, beginning of year	1,125,993	1,110,599
Cash and cash equivalents, end of year	\$ 571,196	\$ 1,125,993

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

These financial statements represent the consolidated financial statements of United Way of Indian River County, Inc. ("UWIRC") and United Way Foundation of Indian River, Inc. (the "Foundation"), together "United Way". UWIRC and the Foundation are related entities as the UWIRC Board of Directors approves the election of more than a majority of the members of the Foundation's Board of Directors. The accompanying consolidated financial statements include the accounts of both entities. Intercompany transactions and balances have been eliminated.

United Way of Indian River County, Inc.

UWIRC is a community impact entity with a vision to bring Indian River County together to focus on the most important human needs by building partnerships, forging consensus, and leveraging resources to make a measurable difference. To do this, UWIRC partners with health and human service agencies, businesses, community leaders and public and private sector entities across this community to create action plans that address and work toward solving the critical needs affecting the County's population.

Gifts to United Way are combined with those of neighbors, friends and colleagues, resulting in an investment that is magnified and multiplied across a spectrum of health, education and human service issues such as afterschool programs, affordable childcare and emergency assistance.

It is United Way's hope to advance the common good for all of our citizens. United Way believes that everyone deserves opportunities to have a good life: a quality education that leads to a stable job, enough income to support a family through retirement and good health. That's why United Way's work is focused on the building blocks for a good life in these three critical areas:

- Education - helping children and youth achieve their potential
- Income - promoting financial stability and independence
- Health - improving people's health

Currently, UWIRC partners with local health, education and human service agencies in Indian River County. United Way contributions help support programs within these agencies that are focused on solving problems within the areas of focus noted above. United Way is establishing community goals in these areas and is committed to measuring and reporting our results to the community.

Beyond providing funding to our funded partners, UWIRC is actively engaged in a variety of community collaboratives and initiatives, working to positively impact the quality of life for all in Indian River County. Examples of these additional program services include:

- Mental Health Collaborative of IRC
- Moonshot Moment
- Executive Roundtable of IRC
- IRC Funders Forum
- Kindergarten Readiness Collaborative
- Children's Services Advisory Committee

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additionally, for the last seven years, UWIRC has managed the Volunteer Income Tax Assistance (VITA) program and the FamilyWize discount prescription card program which save the citizens of Indian River County hundreds of thousands of dollars each year.

United Way Foundation of Indian River, Inc.

Established in 1992 by the designation of funds donated for this purpose, the "Tomorrow Fund" was the planned giving program of UWIRC, but was not a separate organization. As of January 1, 2011, UWIRC established United Way Foundation of Indian River County, Inc. (the "Foundation") with a transfer of \$2,118,615 of the funds that had previously been designated by the Board (and held in the "Tomorrow Fund") and an additional \$200,000 that had been restricted by the donor to serve a similar purpose. The Foundation is a separate nonprofit organization classified as a Type I supporting organization.

The Foundation is committed to building a permanent endowment that will extend United Way's reach by forever generating funds in support of United Way's work in Indian River County. Long-term in scope, the Foundation affords donors the opportunity to leave a legacy and shape the future of Indian River County by extending their support of our local United Way beyond their lifetime primarily through major outright gifts, bequests and other planned gifts.

The endowment has established two funds:

The Donor Restricted Fund, which consists of those funds whereby the donors have restricted the use of the proceeds for a specific purpose, employs a formula to assist donors in perpetuating their gift to the annual campaign as members of the Leadership Legacy Circle or Tocqueville Legacy Circle. These thoughtful legacy gifts will only be used to support the critically important health and human service programs funded by United Way.

The Donor Unrestricted Fund, which consists of those funds whereby the donors have not restricted the use of the proceeds and which accepts gifts of any size, is used more broadly to support all of the important roles United Way plays in our community.

Community Investment

Through the Community Investment and Citizens Review Process, United Way invests in programs that impact an individual's life in measurable and definable ways and tracks the results. UWIRC depends on the time and commitment of more than 80 volunteers to carefully review and make qualified recommendations on the funding requests from UWIRC funded partners for their programs. Volunteers visit agencies, examine budgets and listen to program staff. The management and fiscal strengths of programs requesting dollars are analyzed.

Community support, collaboration with other programs, outreach initiatives, and even more importantly, how they are making a measurable impact in the lives of the people they serve, are also evaluated. Panel volunteers make educated and informed decisions on where best to invest campaign dollars before recommendations are brought before the UWIRC Board of Directors for final approval.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Community Service: The United Way Center

Through an extensive network of partnerships and services, the United Way Center upholds the United Way mission to improve lives by mobilizing the caring power of the community. In addition to being home to United Way, the Center has been designed to accommodate a variety of services and initiatives including providing meeting space for area nonprofits, housing a Nonprofit Incubation Center (NIC) and housing a community education specialist for 2-1-1, a community based information and referral program.

By far one of the most successful programs has been the Nonprofit Incubation Center. Current residents in the NIC are: Deaf and Hard of Hearing Services of the Treasure Coast, Easter Seals of Florida, Kindergarten Readiness Collaborative, Public Guardianship Program of Indian River Co. and 2-1-1 Palm Beach. The Center also features a 1,300 square foot community room, and a meeting space designed to host small events, seminars and conferences. Nonprofit organizations can use this space at no cost.

Disaster Response and ESF#15 Responsibilities

Following Hurricanes Frances and Jeanne in 2004, the Board established a Disaster Fund with \$200,000 to enable UWIRC to respond to the community's needs in the recovery period following a disaster. The Disaster Fund is available to be used for such things as: emergency food cards, rental/mortgage and utility assistance, assistance to our funded partners and employees at our workplace campaign partners and other disaster relief and recovery expenses. Since its inception, the fund has only been nominally utilized and the balance of this fund on June 30, 2017 was \$192,855.

Since 2005, at the request of the Indian River County Department of Emergency Services, UWIRC has served as the lead agency for Emergency Support Functions #15 [ESF#15] whenever the county's Emergency Operations Center is activated. ESF#15 is responsible for the coordination of "Donations and Volunteers" in the aftermath of a disaster. UWIRC's major responsibilities include - as and if needed: opening and managing a Volunteer Reception Center, establishing and acting as fiscal agency for a Disaster Relief Fund and physically staffing the ESF#15 station at the Emergency Operations Center during activations. UWIRC has partnered with SAFER Indian River (Support Alliance For Emergency Resiliency) to provide trained individuals to man the ESF#15 station at the EOC.

Basis of Accounting

Net assets and revenues and gains and losses are classified based on the existence or absence of public support donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

- *Unrestricted net assets* are not subject to donor-imposed stipulations. As reflected in the accompanying consolidated statements of financial position, United Way's Board of Directors has designated a portion of the unrestricted net assets (see Note 7).
- *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- *Permanently restricted net assets* represent endowments to United Way that are subject to restrictions of the donor requiring that the principal be invested and earnings withdrawn in accordance with the Endowment Investment Guidelines.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and deposits in money market funds with original maturities when purchased of less than three months. The United Way maintains its deposits in multiple financial institutions, which at times may exceed the federally insured limits. Management does not believe the United Way is exposed to any significant interest rate or other financial risk as a result of these deposits.

For purposes of the consolidated statement of cash flows, United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Restricted cash is cash held for permanently restricted endowments and is not used in operations of United Way. Any allowable income released from the endowment funds is transferred to operating cash.

Restricted cash consists of the cash portion of Foundation investment accounts. At June 30, 2016, United Way held cash restricted for fiscal agents consisting of funds belonging to the Mental Health Coalition and the Kindergarten Readiness Collaborative. These amounts were offset entirely with assets held for others. During the fiscal year ended June 30, 2017, all remaining funds were returned to those agencies.

Investments

Investments in equity securities with readily determinable fair values are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income is reported as increases in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions or by law. Investment income from donor-restricted endowments is reported as an increase in temporarily restricted net assets. Gains or losses on investments are reported in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by explicit donor stipulations or by law.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). A description of each category in the fair value hierarchy is as follows:

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 2 to the consolidated financial statements.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. All promises to give to the United Way for the annual campaign are expected to be collected within one year. Generally, UWIRC initiates the current period campaign in September of each year and each such campaign is principally associated with the subsequent fiscal year.

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases this net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the United Way records the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as restricted support; otherwise, the contributions are recorded as unrestricted support.

Designations to Agencies

UWIRC receives pledges from donors designating the resources to specified non-funded partners and other United Way agencies. UWIRC collects these resources and disburses the funds to the designated agencies. Designated pledges are excluded from contribution revenue and the related disbursements to the specified agencies are excluded from allocations in the consolidated statement of activities.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment and Depreciation

Property and equipment costing over \$500 is capitalized and depreciated over the estimated useful lives of the assets using the straight-line method. The fair value of donated property and equipment is similarly capitalized. The estimated useful lives used to compute depreciation are:

Buildings and improvements	7 to 40 years
Office furniture, fixtures, and equipment	3 to 7 years

Donated Materials and Services

Donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

United Way allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on an analysis of personnel time utilized for the related activities.

Income Taxes

UWIRC and the Foundation are both not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Although UWIRC and the Foundation were each granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue code and related regulations, includes investment income. UWIRC and the Foundation have both been classified as not a private foundation.

The United Way analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The United Way treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The United Way has evaluated its income tax filing positions for fiscal years 2014 through 2017, the years which remain subject to examination as of June 30, 2017. The United Way concluded that there are no significant uncertain tax positions requiring recognition in the United Way's consolidated financial statements. The United Way does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The United Way does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2017 or 2016 and is not aware of any claims for such amounts by federal or state income tax authorities.

Reclassification

Certain amounts as reported in the 2016 consolidated financial statements have been reclassified to conform with the 2017 presentation.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent Events

In preparing these consolidated financial statements, United Way has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2017, the most recent consolidated statement of financial position presented herein, through November 15, 2017, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified, other than those matters disclosed in Note 9 labeled "Subsequent Events."

2. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The United Way utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Certificates of Deposit

The carrying amounts of the certificates of deposit approximate fair values and are categorized as Level 1.

Investments

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include mutual funds, equity securities traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets and money market funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The United Way invests in various investment funds that are subject to various risks that determine the value of the fund. Due to the level of risk associated with certain financial instruments and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 1,321,816	\$ -	\$ -	\$ 1,321,816
Domestic equity securities	2,564,082	-	-	2,564,082
International equity securities	832,936	-	-	832,936
Mutual funds				
Fixed income	1,101,556	-	-	1,101,556
Commodities	226,560	-	-	226,560
Real estate	<u>107,399</u>	<u>-</u>	<u>-</u>	<u>107,399</u>
Total assets at fair value	<u>\$ 6,154,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,154,349</u>

2016	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 720,197	\$ -	\$ -	\$ 720,197
Domestic equity securities	2,164,405	-	-	2,164,405
International equity securities	855,941	-	-	855,941
Mutual funds				
Fixed income	1,061,735	-	-	1,061,735
Commodities	191,696	-	-	191,696
Real estate	<u>95,404</u>	<u>-</u>	<u>-</u>	<u>95,404</u>
Total assets at fair value	<u>\$ 5,089,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,089,378</u>

3. PROMISES AND INTENTIONS TO GIVE

The composition of net unconditional promises to give is as follows at June 30:

	2017	2016
Receivable in one year, which equals total unconditional promises to give	\$ 598,285	\$ 578,082
Less: allowance for uncollectible promises	<u>118,016</u>	<u>111,370</u>
Net unconditional promises to give	<u>\$ 480,269</u>	<u>\$ 466,712</u>

United Way estimates the amount of pledges that will ultimately be uncollectible each year, based on historical data.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At June 30, 2017, United Way has received intentions to give from individual donors in the amount of \$3,990,750, primarily in the form of conditional bequests and life insurance commitments. Such gifts have not been recognized as assets or contribution revenue. When received, these gifts are intended to be placed into the endowment.

4. NET PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2017	2016
Property and equipment		
Land	\$ 160,000	\$ 160,000
Buildings and improvements	1,133,661	1,070,010
Office furniture, fixtures and equipment	<u>143,080</u>	<u>155,291</u>
 Total	 1,436,741	 1,385,301
Less accumulated depreciation	<u>450,221</u>	<u>438,559</u>
 Net property and equipment	 <u><u>\$ 986,520</u></u>	 <u><u>\$ 946,742</u></u>

Depreciation expense was \$38,166 and \$42,002 for the years ended June 30, 2017 and 2016, respectively.

5. GRANTS TO AGENCIES FOR PROGRAM SUPPORT

UWIRC awards grants to funded partners on an annual basis at the option of the governing board. The amounts disbursed for agency allocations and special project funding are as follows for the years ended June 30:

Agency	2017	2016
2-1-1 Helpline	\$ 55,000	\$ 55,000
Big Brothers Big Sisters	30,000	30,000
Boy Scouts	8,750	15,000
Boys and Girls Club	90,000	90,000
Catholic Charities / Samaritan Center	68,000	66,000
Child Care Resources	175,000	175,000
Children's Home Society	67,000	67,000
Daisie Hope Center	60,000	60,000
Deaf and Hard of Hearing Services of the Treasure Coast	9,000	12,500
Drug Abuse Treatment Association	68,475	62,250
Early Learning Coalition	-	25,000
Exchange Club / CASTLE	119,500	148,000
Gifford Youth Activity Center	50,000	50,000
Hibiscus Children's Center-Crisis Nursery Program	25,000	25,000
Homeless Family Center	-	51,000

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Agency	2017	2016
Indian River County Healthy Start Coalition	\$ 24,000	\$ 42,000
Literacy Services of Indian River County	30,500	30,500
Mental Health Association	90,000	90,000
Redlands Christian Migrant Association	25,309	20,725
SafeSpace	71,400	71,400
Senior Resource Association	134,250	122,500
Substance Awareness Council	30,000	30,000
The ARC of Indian River County	97,000	94,000
Treasure Coast Food Bank	60,000	60,000
Treasure Coast Community Health	30,000	20,000
Treasure Coast Homeless Services Council	40,000	35,000
USO	-	5,000
Youth Guidance	68,000	68,000
Grants to agencies	1,526,184	1,620,875
Other grants and relief efforts	290,638	217,492
Total distributions	<u>\$ 1,816,822</u>	<u>\$ 1,838,367</u>

As of June 30, 2017, the United Way has appropriated a total of \$1,844,670 for the upcoming fiscal year, which consists of \$1,541,412 tentatively awarded to agencies, \$285,758 of census payments and \$17,500 for community impact funding.

Community impact funds can be awarded throughout the year. In total, the board has designated \$674,846 to be spent for community impact needs of which \$17,500 has been approved for fiscal year 2017-2018.

United Way appropriated a total of \$890,545 in year-two funding for the Education Impact area for the 2018-2019 fiscal year, which consists of \$664,787 in standard allocations to agencies and \$225,758 of census payments tentatively awarded based on stipulations in the funding agreements and that the agencies meet them.

6. NET ASSETS

Temporarily Restricted Net Assets

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

	2017	2016
Restricted by donor for next year's operating expense	\$ 2,981,251	\$ 2,965,211
Campaign pledges for subsequent years	35,660	18,936
Endowment earnings	77,087	-
Publix purpose restrictions	46,744	31,534
Total temporarily restricted net assets	<u>\$ 3,140,742</u>	<u>\$ 3,015,681</u>

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows during the years ended June 30:

	2017	2016
Expiration of time on campaign contributions	\$ 2,664,621	\$ 2,584,793
Expiration of purpose restrictions	<u>70,930</u>	<u>8,062</u>
Total restrictions released	<u>\$ 2,735,551</u>	<u>\$ 2,592,855</u>

Endowments

The Foundation's endowment consists of a fund established by both donor-restricted endowment funds and board-designated endowment. As required, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Following is a summary of the United Way's endowment and changes therein for the years ended June 30:

2017	Board Designated Unrestricted	Donor-Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Investment return:				
Investment income	\$ 53,417	\$ 29,534	\$ -	\$ 82,951
Investment expenses	(8,736)	(4,830)	-	(13,566)
Net appreciation (realized/unrealized)	<u>226,423</u>	<u>123,313</u>	<u>-</u>	<u>349,736</u>
Net investment return	271,104	148,017	-	419,121
Contributions	-	-	25,788	25,788
Appropriation of endowment assets for expenditure	<u>(107,689)</u>	<u>(70,930)</u>	<u>-</u>	<u>(178,619)</u>
Changes in endowment net assets	163,415	77,087	25,788	266,290
Endowment net assets, beginning of year	<u>1,982,778</u>	<u>-</u>	<u>1,400,429</u>	<u>3,383,207</u>
End of year	<u>\$2,146,193</u>	<u>\$ 77,087</u>	<u>\$1,426,217</u>	<u>\$3,649,497</u>

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2016	Board Designated Unrestricted	Donor-Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Investment loss:				
Investment income	\$ 54,214	\$ 24,472	\$ -	\$ 78,686
Investment expenses	(8,444)	(3,811)	-	(12,255)
Net depreciation (realized/unrealized)	<u>(51,439)</u>	<u>(23,219)</u>	<u>-</u>	<u>(74,658)</u>
Net investment loss	(5,669)	(2,558)	-	(8,227)
Contributions	-	-	104,680	104,680
Appropriation of endowment assets for expenditure	<u>(169,086)</u>	<u>(8,062)</u>	<u>-</u>	<u>(177,148)</u>
Changes in endowment net assets	(174,755)	(10,620)	104,680	(80,695)
Endowment net assets, beginning of year	<u>2,157,533</u>	<u>10,620</u>	<u>1,295,749</u>	<u>3,463,902</u>
End of year	<u>\$1,982,778</u>	<u>\$ -</u>	<u>\$1,400,429</u>	<u>\$3,383,207</u>

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Florida enacted Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the historical dollar value of gifts donated to the permanent endowment, (b) the historical dollar value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA or unless there is a deficiency in the endowment fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The terms of the endowment agreement, which document the wishes of the contributor
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- Current investment policies

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Return Objective and Risk Parameters

The Foundation has adopted a balanced growth investment approach seeking to protect the long-term principal value of the Endowment while providing long term real growth of the principal. The Foundation understands that actual returns in any given year may vary and that adoption of this objective does not assure achievement of any specific investment results. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints, with the asset mix to consist of 35%-75% equity instruments, 10%-55% fixed income securities, 0%-20% global real estate and commodities and 0-25% money market funds. The Foundation has preference for simple investment structures, which will have lower cost, easier oversight and less complexity for internal financial management. The Foundation has hired an investment manager to assist them in reaching these goals and react to market conditions to determine asset allocation within the ranges dictated in the Investment Policy Statement (IPS). As a standing subcommittee and per policy, the Finance Committee periodically meets with the investment manager, no less than twice a year, to monitor performance, tactical asset allocation and review the IPS.

Spending Policy

The Foundation has a different spending policy for the different types of endowments:

1. The Donor Restricted Funds shall be used to perpetuate a donor's gift to the UWIRC's Annual Campaign. On an annual basis, 5% of a five-year rolling average of the fiscal year end market values of the donor restricted fund as of June 30 of the prior fiscal year shall be transferred to UWIRC to be used in connection with the annual campaign. For purposes of calculating the five-year rolling average, the lesser of the life of the donor restricted fund or five years will be used. Contributions received during the defined period are to be treated as if they were received at the beginning of the defined period in order to achieve the 5% annual distribution on the contributions.
2. The Donor Unrestricted Fund will make annual transfers to the UWIRC of 5% of a five-year rolling average of the fiscal year end market values of the donor restricted fund as of June 30 of the prior fiscal year, net of all Foundation expenses, both direct and indirect. For purposes of calculating, the five-year rolling average contributions received during the five-year period are to be treated as if they were received at the beginning of the five-year period in order to achieve the 5% annual distribution on the contributions. If extraordinary circumstances warrant such action, the Foundation may distribute an amount less than or more than 5% subject to approval by two-thirds of the vote of the Boards of Directors of both UWIRC and the Foundation.

During the years ended June 30, 2017 and 2016, \$70,930 and \$8,062, respectively, was approved for appropriation from the Donor Restricted Fund. The transfers occurred subsequent to year end.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. BOARD DESIGNATED FUNDS

The Board of Directors of UWIRC has designated unrestricted funds for various purposes. Board Designated Funds are available for the following purposes as of June 30:

	2017	2016
Foundation	\$ 2,146,193	\$ 1,982,778
Community Impact	674,846	851,865
Disaster Relief	192,852	212,855
Collaborative Initiative	118,750	92,155
Capital Repairs	52,215	113,544
Emergency Crisis	<u>15,000</u>	<u>15,000</u>
Total board designated funds	<u>\$ 3,199,856</u>	<u>\$ 3,268,197</u>

8. RETIREMENT PLAN

UWIRC has adopted a simplified employee pension retirement plan covering all employees who have met certain service requirements. For 2017 and 2016, UWIRC contributed 3% of employee compensation and up to an additional 3% as a match to employee deferrals. Retirement plan expense for the years ended June 30, 2017 and 2016 was \$24,679 and \$16,689, respectively.

9. SUBSEQUENT EVENTS

Hurricane Irma came through Indian River County on September 10th and 11th, 2017. Though the county was not impacted as severely as other parts of the state of Florida, there was damage to several hundred homes in the county, and over 90% of the population lost power. Utilizing the board designated Disaster Fund (see note 1), UWIRC was able to respond to the community with its relief and recovery efforts. Though expenditures from the Disaster Fund continue, at the time this document was published, Hurricane Irma relief and recovery expenses approximated \$121,000 for emergency food cards, rental/mortgage and utility assistance, and other emergency services.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

November 15, 2017

Boards of Directors
United Way of Indian River County, Inc. and
United Way Foundation of Indian River County, Inc.
Vero Beach, Florida

We have audited the consolidated financial statements of United Way of Indian River County, Inc. and United Way Foundation of Indian River County, Inc. as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated November 15, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2017 consolidating schedule of financial position and 2017 consolidating schedule of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

SUPPLEMENTARY INFORMATION

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS	United Way of Indian River County, Inc.	United Way Foundation of Indian River County, Inc.	Eliminations	Total
Cash and cash equivalents	\$ 571,196	\$ -	\$ -	\$ 571,196
Net unconditional promises to give	515,780	-	(35,511)	480,269
Other receivables	13,824	-	-	13,824
Interest receivable	3,321	786	-	4,107
Due to United Way from Foundation	143,105	(143,105)	-	-
Prepaid expenses	25,864	-	-	25,864
Restricted cash	-	110,502	-	110,502
Investments	2,437,527	3,716,822	-	6,154,349
Net property and equipment	986,520	-	-	986,520
Total assets	<u>\$ 4,697,137</u>	<u>\$ 3,685,005</u>	<u>\$ (35,511)</u>	<u>\$ 8,346,631</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued liabilities	\$ 19,739	\$ 35,511	\$ (35,511)	\$ 19,739
Accrued payroll	22,807	-	-	22,807
Total liabilities	<u>42,546</u>	<u>35,511</u>	<u>(35,511)</u>	<u>42,546</u>
Net assets				
Unrestricted				
Undesignated	537,270	-	-	537,270
Board designated	1,053,666	2,146,190	-	3,199,856
Total unrestricted	1,590,936	2,146,190	-	3,737,126
Temporarily restricted	3,063,655	77,087	-	3,140,742
Permanently restricted	-	1,426,217	-	1,426,217
Total net assets	<u>4,654,591</u>	<u>3,649,494</u>	<u>-</u>	<u>8,304,085</u>
Total liabilities and net assets	<u>\$ 4,697,137</u>	<u>\$ 3,685,005</u>	<u>\$ (35,511)</u>	<u>\$ 8,346,631</u>

See independent auditors' report on supplementary information.

UNITED WAY OF INDIAN RIVER COUNTY, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES YEAR ENDED JUNE 30, 2017

	United Way of Indian River County, Inc.	United Way Foundation of Indian River County, Inc.	Eliminations	Total
Public support and revenue				
Total campaign revenue	\$ 3,119,379	\$ -	\$ (74,154)	\$ 3,045,225
Less donor designations	(178,609)	-	-	(178,609)
Less bad debt expense	(129,784)	-	-	(129,784)
Net campaign revenue	2,810,986	-	(74,154)	2,736,832
Other contributions	221,318	25,788	-	247,106
Rental income	800	-	-	800
Investment return, net	146,462	419,118	-	565,580
Total public support and revenue	3,179,566	444,906	(74,154)	3,550,318
Expenses				
Program services				
Community support services	2,399,255	74,154	(74,154)	2,399,255
Support services				
Campaign fund development	406,062	-	-	406,062
Endowment operations	-	104,465	-	104,465
Management and general	167,390	-	-	167,390
Total support services	573,452	104,465	-	677,917
Total expenses	2,972,707	178,619	(74,154)	3,077,172
Changes in net assets	206,859	266,287	-	473,146
Net assets, beginning of year	4,447,732	3,383,207	-	7,830,939
Net assets, end of year	\$ 4,654,591	\$ 3,649,494	\$ -	\$ 8,304,085

See independent auditors' report on supplementary information.