

CENTRE COUNTY UNITED WAY

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

FIORE FEDELI SNYDER CAROTHERS, LLP

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Independent Auditor's Report

Board of Directors
Centre County United Way
Pine Grove Mills, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Centre County United Way, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MEMBERS: AMERICAN AND PENNSYLVANIA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

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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 Centre County United Way as of June 30, 2017 and 2016, and results of its operations, and changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note K to the financial statements, Centre County United Way has elected to change its method of accounting for investments in assets held by others by reporting them on the statement of financial position. Such assets were added to the June 30, 2016 statement of financial position through an adjustment to ending net assets. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Fiona Fedeli Snyder Cavatton, LLP". The signature is written in a cursive, flowing style.

State College, Pennsylvania
November 20, 2017

CENTRE COUNTY UNITED WAY
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 988,597	\$ 844,567
Pledges receivable, net of allowance for uncollected pledges of \$75,164 in 2017 and \$75,745 in 2016.	611,173	737,731
Prepaid expenses and other current assets	1,934	2,864
Total Current Assets	\$ 1,601,704	\$ 1,585,162
Property and Equipment, Net	2,562	982
Certificates of Deposit	323,311	322,876
Investment in Assets Held by Others	146,356	138,750
Investments - Restricted	1,187,012	1,097,347
Total Assets	\$ 3,260,945	\$ 3,145,117
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 10,598	\$ 1,287
Allocations and designations payable	90,669	133,261
Accrued salaries and wages	4,753	3,099
Accrued expenses	1,874	--
Accrued compensated absences	6,714	8,362
Accrued payroll liabilities	370	1,352
Total Liabilities	114,978	147,361
Net Assets:		
Unrestricted		
Board designated	1,492,633	1,495,665
Undesignated	298,183	244,307
Total unrestricted net assets	1,790,816	1,739,972
Temporarily restricted	1,355,151	1,257,784
Total Net Assets	3,145,967	2,997,756
Total Liabilities and Net Assets	\$ 3,260,945	\$ 3,145,117

See Accompanying Notes to Financial Statements

CENTRE COUNTY UNITED WAY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,	
	2017	2016
Changes in Unrestricted Net Assets:		
Revenue and support:		
Contributions	\$ 1,492,163	\$ 1,643,930
Special events, net of expenses of \$51,662 in 2017 and \$49,845 in 2016	171,086	168,896
Miscellaneous	1,934	11,864
Appreciation in assets held by others	7,606	--
Interest income	2,084	3,969
Total revenue and support	1,674,873	1,828,659
Net assets released from restrictions	168,085	113,823
Total revenues and support and assets released from restrictions	1,842,958	1,942,482
Expenses:		
Program Services		
Agency allocations	1,545,760	1,798,447
Other programs	76,418	90,507
Total program services	1,622,178	1,888,954
Supporting Services:		
Administration	25,671	32,207
Fundraising	144,265	148,264
Total supporting services	169,936	180,471
Total expenses	1,792,114	2,069,425
Increase/(decrease) in unrestricted net assets	50,844	(126,943)
Changes in Temporarily Restricted Net Assets		
Contributions	145,786	1,146,609
Grants	30,000	15,000
Investment income	29,344	23,752
Unrealized gains	60,322	73,595
Net assets released from restrictions due to payment	(168,085)	(113,823)
Increase in temporarily restricted net assets	97,367	1,145,133
Change in Net Assets	148,211	1,018,190
Net Assets, beginning of year	2,997,756	1,979,566
Net Assets, end of year	\$ 3,145,967	\$ 2,997,756

See Accompanying Notes to Financial Statements

CENTRE COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	PROGRAM				TOTAL	ADMINISTRATION	FUNDRAISING	TOTAL
	ALLOCATIONS	OTHER PROGRAMS	OTHER PROGRAMS	TOTAL				
Agency allocations	\$1,316,412		\$1,316,412				\$1,316,412	
Program payments	--	\$ 55,931	55,931				55,931	
Total agency payments	<u>1,316,412</u>	<u>55,931</u>	<u>1,372,343</u>				<u>1,372,343</u>	
Salaries and wages	115,590	4,911	120,501		\$ 7,802	\$ 84,157	212,460	
Employee benefits	23,501	1,000	24,501		997	16,747	42,245	
Payroll taxes	10,396	443	10,839		659	7,560	19,058	
Total salaries and benefits	<u>149,487</u>	<u>6,354</u>	<u>155,841</u>		<u>9,458</u>	<u>108,464</u>	<u>273,763</u>	
Dues/subscriptions	39,511	1,680	41,191		--	--	41,191	
Professional fees	--	--	--		15,495	--	15,495	
Campaign	--	--	--		--	15,310	15,310	
Occupancy	3,653	15	3,668		140	5,695	9,503	
Miscellaneous	3,548	151	3,699		60	325	4,084	
Advertising	8,127	345	8,472		--	5,535	14,007	
Equipment rent/maintenance	8,379	356	8,735		143	767	9,645	
Postage	--	--	--		--	6,163	6,163	
Day of caring	--	5,373	5,373		--	--	5,373	
Office supplies	3,616	153	3,769		62	331	4,162	
Telephone	3,237	138	3,375		55	296	3,726	
Information technology	1,703	1,417	3,120		51	274	3,445	
Insurance	2,178	56	2,234		37	196	2,467	
Conference/meetings	2,112	4,287	6,399		105	562	7,066	
Depreciation	230	10	240		4	21	265	
Travel	3,567	152	3,719		61	326	4,106	
Total other expenses	<u>79,861</u>	<u>14,133</u>	<u>93,994</u>		<u>16,213</u>	<u>35,801</u>	<u>146,008</u>	
Total functional expenses	<u>\$1,545,760</u>	<u>\$ 76,418</u>	<u>\$1,622,178</u>		<u>\$ 25,671</u>	<u>\$ 144,265</u>	<u>\$ 1,792,114</u>	

See Accompanying Notes to Financial Statements

CENTRE COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>PROGRAM</u>			<u>TOTAL</u>	<u>ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
	<u>ALLOCATIONS</u>	<u>OTHER PROGRAMS</u>	<u>TOTAL</u>				
Agency allocations	\$ 1,632,288		\$ 1,632,288				\$ 1,632,288
Program payments	--	\$ 41,250	41,250				41,250
Total agency payments	<u>1,632,288</u>	<u>41,250</u>	<u>1,673,538</u>				<u>1,673,538</u>
Salaries and wages	75,994	18,999	94,993	\$ 7,950	\$ 97,158		200,101
Employee benefits	20,476	5,119	25,595	182	16,679		42,456
Payroll taxes	9,032	2,258	11,290	71	6,486		17,847
Total salaries and benefits	<u>105,502</u>	<u>26,376</u>	<u>131,878</u>	<u>8,203</u>	<u>120,323</u>		<u>260,404</u>
Dues/subscriptions	29,235	7,308	36,543	--	--		36,543
Professional fees	--	--	--	23,335	--		23,335
Campaign	--	--	--	--	10,133		10,133
Occupancy	5,302	1,325	6,627	195	2,924		9,746
Miscellaneous	1,896	474	2,370	52	182		2,604
Advertising	7,698	1,924	9,622	--	9,622		19,244
Equipment rent/maintenance	7,424	1,855	9,279	164	754		10,197
Postage	--	--	--	--	3,464		3,464
Day of caring	--	7,722	7,722	--	--		7,722
Office supplies	2,783	695	3,478	60	277		3,815
Telephone	2,559	639	3,198	57	260		3,515
Insurance	559	139	698	70	--		768
Conference/meetings	2,209	552	2,761	49	224		3,034
Depreciation	24	6	30	1	3		34
Travel	968	242	1,210	21	98		1,329
Total other expenses	<u>60,657</u>	<u>22,881</u>	<u>83,538</u>	<u>24,004</u>	<u>27,941</u>		<u>135,438</u>
Total functional expenses	<u>\$ 1,798,447</u>	<u>\$ 90,507</u>	<u>\$ 1,888,954</u>	<u>\$ 32,207</u>	<u>\$ 148,264</u>		<u>\$ 2,069,425</u>

See Accompanying Notes to Financial Statements

CENTRE COUNTY UNITED WAY
STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from benefactors and others	\$ 1,924,597	\$ 1,901,173
Interest received	2,084	1,406
Cash paid to agencies, employees and vendors	(1,780,834)	(2,165,720)
Net cash provided by/(used in) operating activities	145,847	(263,141)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments restricted for disaster recovery, net	--	(1,000,000)
Purchase of assets	(1,817)	(1,016)
Net cash used in investing activities	(1,817)	(1,001,016)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contribution restricted for disaster recovery	--	1,000,000
Increase/(decrease) in cash and cash equivalents	144,030	(264,157)
Cash and cash equivalents, beginning	844,567	1,108,724
Cash and cash equivalents, ending	\$ 988,597	\$ 844,567
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 148,211	\$ 1,018,190
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	265	34
Return on investments	(89,666)	(99,910)
Contribution restricted for disaster recovery	--	(1,000,000)
Administration fee revenue	--	(3,098)
Change in assets held by others	(7,606)	--
(Increase)/decrease in assets:		
Pledges receivable	127,956	(111,577)
Prepaid expenses and other current assets	(930)	1,864
Increase/(decrease) in liabilities:		
Accounts payable	9,311	672
Allocations and designations payable	(42,592)	(55,956)
Accrued expenses	898	(13,360)
Net cash provided by/(used in) operating activities	145,847	(263,141)

See Accompanying Notes to Financial Statements

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE, 2017 AND 2016

A. Nature of Operations And Summary of Significant Accounting Policies

Nature of Operations

The Centre County United Way (the "Organization") is a non-profit organization formed to raise community funds and allocate money to a group of member service agencies providing health, welfare, and social services in Centre County, Pennsylvania.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-205, Not-for-Profit Entities Financial Statement Presentation. Under FASB ASC958-205, Centre County United Way is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Basis of Accounting

Centre County United Way prepares its financial statements on the accrual basis of accounting. Therefore, revenue is recognized when earned and expenses are recorded when the obligation is incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements at the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments purchased with an original maturity of three months or less.

Certificates of Deposit

Certificates of deposit are recorded in the financial statements as long-term assets based on their long-term maturity date or management's intentions to rollover the certificates of deposit over a long-term maturity.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016
(Continued)

A. Nature of Operations And Summary of Significant Accounting Policies
(continued)

Pledges Receivable

Pledged support is considered available for unrestricted use unless specifically restricted by the donor. Unpaid pledges are written off a year and a half after the end of the campaign year.

Investments and Investment Risks

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are exposed to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amount reported in the accompanying financial statements could change materially in the near term.

Contribution of Services

A substantial number of volunteers have contributed significant amounts of time to the Organization's program services and to its fundraising campaigns. These services are not recorded in the financial statements since they do not meet the criteria for recognition in accounting standards established for not-for-profit organizations. Services provided for Day of Caring would be evaluated by the agency receiving the benefit of the services.

Property and Equipment

The Organization capitalizes property and equipment purchases of \$1,000 or greater. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Repairs and maintenance are expensed and major betterments are capitalized.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016
(Continued)

A. Nature of Operations And Summary of Significant Accounting Policies
(continued)

Property and Equipment (continued)

Depreciation expense during the year ended June 30, 2017 and 2016 was \$265 and \$34, respectively.

Functional Expenses

The costs of providing activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Restricted and Unrestricted Revenues and Contributions

Centre County United Way has adopted FASB ASC 958-605, Not-for-Profit Entities Revenue Recognition. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Organization used the allowance method to determine uncollectible amounts of receivables resulting from unconditional promises to give. The allowance is based on prior years' experience and management analysis of specific promises made. The allowance for uncollectible pledges was \$75,164 and \$74,132 at June 30, 2017 and 2016, respectively.

Advertising

Advertising costs are charged to expense as incurred and were \$14,007 and \$19,244 for the years ended June 30, 2017 and 2016 respectively.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2017 and 2016
(Continued)

A. Nature of Operations And Summary of Significant Accounting Policies
(continued)

Member Agency Allocations

Allocations to member agencies are recorded based on the campaign allocation recommended by the Fund Distribution Committee and approved by the Board of Directors.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2017.

The Organization's federal income tax returns for years subsequent to 2013 remain subject to examination by the Internal Revenue Service.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by an organization has been limited to a specific time period or purpose.

Subsequent Events

The Organization evaluated subsequent events for recognition or disclosure through November 20, 2017 the date the financial statements were available to be issued.

B. Concentration of Credit Risk

The bank balances and certificates of deposit are held at various local banks and secured by federal deposit insurance coverage for interest bearing accounts. At June 30, 2017 and 2016, \$265,880 and \$11,387, respectively, of the Organization's accounts were exposed to credit risk.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016
(Continued)

C. Investments

Investments consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Vanguard Account		
Cash and cash equivalents	\$ 54,885	51,179
Exchange traded funds	42,863	33,007
Mutual funds	<u>1,089,264</u>	<u>1,013,161</u>
Total held at Vanguard	1,187,012	1,097,347
Certificates of Deposit	<u>323,311</u>	<u>322,876</u>
Total Investments	\$ <u>1,510,323</u>	\$ <u>1,420,223</u>

Total investment returns on those investments were as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 29,344	\$ 23,752
Change in unrealized gains/(losses) on investments other than trading securities	<u>60,322</u>	<u>73,595</u>
Investment gain	\$ <u>89,676</u>	\$ <u>97,347</u>

D. Fair Value Measurement of Assets

Financial assets measured at fair market value are categorized based upon the following characteristics or inputs to the valuation techniques:

Level 1 - Quoted prices are available in the active market for identical assets or liabilities as of the reported date.

Level 2 - Pricing inputs are other than quoted prices in active markets for identical assets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER, 2017 AND 2016
(Continued)

D. Fair Value Measurement of Assets (continued)

This hierarchy requires the use of observable market data when available.

Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table presents those financial assets that are remeasured annually at their fair market value, as of June 30, 2017 and 2016, by level within the fair value hierarchy:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	2017	2016
Investments:		
Cash and cash equivalents	\$ 54,885	\$ 51,179
Certificates of deposit	323,311	322,876
Global equity mutual funds	614,768	531,974
Domestic equity mutual funds	108,305	121,576
Domestic fixed income mutual funds	245,929	223,178
International equity mutual funds	64,331	83,086
International fixed income mutual funds	55,931	53,347
Exchange traded products (ETFs)	42,863	33,007
	<u>\$ 1,510,323</u>	<u>\$ 1,420,223</u>

At June 30, 2017 and 2016, the Organization did not have any assets whose fair value were measured using Level 2 or 3 inputs.

Fair values of financial instruments were determined as follows:

Cash and cash equivalents and certificates of deposit: The carrying amounts approximate fair value because of the short maturity of those financial instruments.

Investments: Mutual funds, equities and ETFs in the investment portfolio are measured at fair value using quoted market prices for identical assets, which are considered Level 1 inputs.

E. Property and Equipment, Net

Property and equipment consist of the following at June 30:

	2017	2016
Equipment	\$ 11,361	\$ 9,516
Less accumulated depreciation	(<u>8,799</u>)	(<u>8,534</u>)
Property and equipment, net	<u>\$ 2,562</u>	<u>\$ 982</u>

CENTRE COUNTY UNITED WAY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2017 AND 2016
 (Continued)

F. Designated Payables

Donations received and designated specifically to an agency are classified as revenue by each agency and as accounts payable for the Organization. Designated payables amounted to \$32,839 and \$40,281 at June 30, 2017 and 2016.

G. Unrestricted Net Assets

Board designated unrestricted net assets were available for the following purposes as of June 30:

	2017	2016
Agency Allocation	\$ 1,300,000	\$ 1,300,000
Fund at Centre Foundation	146,356	138,750
Community Impact	34,164	44,641
Young Leaders	667	667
Women's Leadership Group	11,446	11,607
Total	\$ 1,492,633	\$ 1,495,665

H. Temporarily Restricted Net Assets

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

	2017	2016
Subsequent year campaign pledges	\$ 145,786	\$ 146,609
Day of caring	22,352	13,828
Disaster fund	1,187,013	1,097,347
	\$1,355,151	\$1,257,784

I. Disaster Fund

During 2015 the Organization received a \$1,000,000 gift restricted for helping people in the Centre Region of Pennsylvania should a natural disaster strike the area. The funds were invested in marketable securities with the restriction that all investment income will be accumulated in the fund.

J. Employee Benefit Plans

On January 1, 2014, the Organization adopted a SEP-IRA available to all eligible employees. Pension expense was \$21,819 and \$20,485 for the years ended June 30, 2017 and 2016, respectively.

CENTRE COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016
(Continued)

K. Interest in Assets Held by Others

Centre County United Way's programs also benefit from endowment funds created at the Centre Foundation (the "Foundation") by others. Distributions are recorded as contributions when received since Centre County United Way is the beneficiary of the fund but not the resource provider.

During 1998, the Centre County United Way established an endowment fund with The Foundation. The value of Centre County United Way's interest in the funds, as reported by the Foundation at June 30 was:

	<u>2017</u>	<u>2016</u>
Centre County United Way Fund honoring Ellie Beaver	\$ <u>146,356</u>	\$ <u>138,750</u>

This asset was added to the June 30, 2016 statement of financial position through an adjustment to ending unrestricted net assets.

Since the transfers were made in exchange for returns of or returns on the amount transferred, they are reported in the statement of financial position.

At the time of the transfers, the Organization granted variance power to the Foundation. That power gives the Foundation the right to make payments to other qualified organizations, if, at any time in the future, it becomes unnecessary, impossible or inconsistent with the charitable need as determined by the Foundation, to make payments as originally intended at the inception of the Fund.

L. Leases

The Organization leases its office under a non-cancellable operating lease through May 2020. The Organization also leases storage space on a month to month basis. Rent expense was \$7,524 and \$7,500 for the years ended June 30, 2017 and 2016, respectively.

The Organization also leases office equipment, under a non-cancellable operating lease through June 2019. Expense under this lease was \$2,880 for the years ended June 30, 2017 and 2016. Future minimum lease commitments under these leases are as follows:

Year Ending June 30:

2018	\$ 8,880
2019	8,880
2020	<u>5,000</u>
Total	\$ <u>22,760</u>

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