

# United Way of Palm Beach County, Inc.

## Financial Statements

June 30, 2017 and 2016

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## Independent Auditors' Report

To the Board of Directors  
United Way of Palm Beach County, Inc.  
West Palm Beach, Florida

We have audited the accompanying financial statements of United Way of Palm Beach County, Inc. (the "Organization"), which comprise the statements of financial position at June 30, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

### ***Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued from previous page*

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Palm Beach County, Inc. at June 30, 2017 and 2016, and the 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.

*Angela Calton LLP*

Boca Raton, Florida  
January 12, 2018

United Way of Palm Beach County, Inc.  
 Statements of Financial Position  
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 3,982,577	\$ 4,133,367
Receivables:		
Pledges, net	2,363,488	2,108,936
Grants	328,484	175,085
Other	39,084	6,789
Prepaid expenses	42,181	36,798
Total current assets	<u>6,755,814</u>	<u>6,460,975</u>
Non-current assets:		
Investments	10,344,836	9,723,472
Beneficial interest in perpetual trust	74,705	48,098
Beneficial interest in charitable remainder trust	881,386	815,038
Property and equipment, net	633,740	707,536
Total non-current assets	<u>11,934,667</u>	<u>11,294,144</u>
Total assets	<u>\$ 18,690,481</u>	<u>\$ 17,755,119</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Allocations payable	\$ 3,165,704	\$ 3,135,704
Designations payable	2,395,839	3,154,539
Accounts payable and accrued expenses	356,390	481,351
Deferred income	845,241	271,448
Current portion of annuity obligations	18,250	18,250
Total current liabilities	<u>6,781,424</u>	<u>7,061,292</u>
Non-current liabilities:		
Annuity obligations, net of current portion	<u>55,851</u>	<u>60,326</u>
Total liabilities	<u>6,837,275</u>	<u>7,121,618</u>
Commitments and contingencies		
Net assets:		
Unrestricted	7,814,313	7,155,895
Temporarily restricted	3,964,188	3,429,508
Permanently restricted	74,705	48,098
Total net assets	<u>11,853,206</u>	<u>10,633,501</u>
Total liabilities and net assets	<u>\$ 18,690,481</u>	<u>\$ 17,755,119</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Campaign contributions	\$ 2,860,013	\$ 8,606,619	\$ -	\$ 11,466,632
Less:				
Designation to other agencies	-	(4,511,749)	-	(4,511,749)
Provision for uncollectible pledges	-	(220,907)	-	(220,907)
Other contributions	127,095	-	-	127,095
In-kind contributions	59,918	-	-	59,918
Special events	110,838	-	-	110,838
Grants	3,276,348	25,881	-	3,302,229
Investment income	1,068,498	18,002	789	1,087,289
Designation fees	106,499	-	-	106,499
Change in value of split interest agreements	(14,489)	42,138	25,818	53,467
Net assets released from restrictions	3,425,304	(3,425,304)	-	-
Total revenues, gains and other support	<u>11,020,024</u>	<u>534,680</u>	<u>26,607</u>	<u>11,581,311</u>
Expenses:				
Program services	7,601,385	-	-	7,601,385
Management and general	1,196,688	-	-	1,196,688
Fundraising and other events	1,563,533	-	-	1,563,533
Total expenses	<u>10,361,606</u>	<u>-</u>	<u>-</u>	<u>10,361,606</u>
Change in net assets	658,418	534,680	26,607	1,219,705
Net assets at beginning of year	<u>7,155,895</u>	<u>3,429,508</u>	<u>48,098</u>	<u>10,633,501</u>
Net assets at end of year	<u>\$ 7,814,313</u>	<u>\$ 3,964,188</u>	<u>\$ 74,705</u>	<u>\$ 11,853,206</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Campaign contributions	\$ 2,544,911	\$ 9,203,147	\$ -	\$ 11,748,058
Less:				
Designation to other agencies	-	(5,506,939)	-	(5,506,939)
Provision for uncollectible pledges	-	(516,966)	-	(516,966)
Other contributions	166,103	-	-	166,103
In-kind contributions	123,620	-	-	123,620
Legacies and bequests	8,500	-	-	8,500
Special events	124,665	-	-	124,665
Grants	2,639,986	35,931	-	2,675,917
Gain on sale of property	1,873,143	-	-	1,873,143
Investment income	162,028	369	-	162,397
Designation fees	190,069	-	-	190,069
Change in value of split interest agreements	(19,438)	(34,007)	2,990	(50,455)
Net assets released from restrictions	2,829,569	(2,829,569)	-	-
Total revenues, gains and other support	<u>10,643,156</u>	<u>351,966</u>	<u>2,990</u>	<u>10,998,112</u>
Expenses:				
Program services	6,725,396	-	-	6,725,396
Management and general	1,249,873	-	-	1,249,873
Fundraising and other events	1,581,099	-	-	1,581,099
Total expenses	<u>9,556,368</u>	<u>-</u>	<u>-</u>	<u>9,556,368</u>
Change in net assets	1,086,788	351,966	2,990	1,441,744
Net assets at beginning of year	<u>6,069,107</u>	<u>3,077,542</u>	<u>45,108</u>	<u>9,191,757</u>
Net assets at end of year	<u>\$ 7,155,895</u>	<u>\$ 3,429,508</u>	<u>\$ 48,098</u>	<u>\$ 10,633,501</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.  
 Statements of Cash Flows  
 For the Year Ended June 30, 2017

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 1,219,705	\$ 1,441,744
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	93,946	79,426
Gain on sale of property	-	(1,873,143)
Net realized and unrealized gains/losses from investments	(1,083,606)	459
Provision for pledge loss	220,907	516,966
(Decrease) increase in value of split interest agreements	(53,467)	50,455
Change in operating assets and liabilities:		
Pledges receivable	(475,459)	(1,036,263)
Grants receivable	(153,399)	(31,529)
Other receivables	-	1,925
Prepaid expenses	(5,383)	15,492
Allocations payable	30,000	30,000
Designations payable	(758,700)	196,302
Accounts payable and accrued expenses	(124,961)	269,349
Deferred income	573,793	(32,940)
Net cash used in operating activities	<u>(516,624)</u>	<u>(371,757)</u>
Cash flows from investing activities:		
Purchases of investments	(2,930,199)	(5,722,095)
Proceeds from sales of investments	3,335,147	2,414,845
Proceeds from sale of property	-	3,861,306
Purchase of property and equipment	(20,150)	(645,257)
Net cash provided by (used in) investing activities	<u>384,798</u>	<u>(91,201)</u>
Cash flows from financing activities:		
Payments on annuity obligations	(18,964)	(18,250)
Net cash used in financing activities	<u>(18,964)</u>	<u>(18,250)</u>
Net decrease in cash and cash equivalents	(150,790)	(481,208)
Cash and cash equivalents, beginning of year	<u>4,133,367</u>	<u>4,614,575</u>
Cash and cash equivalents, end of year	<u>\$ 3,982,577</u>	<u>\$ 4,133,367</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2017

	Program Services	Support Services		Total
		Management and General	Fundraising and Other Events	
Allocations to agencies	\$ 3,544,180	\$ -	\$ -	\$ 3,544,180
Grants to others	2,639,618	-	-	2,639,618
Salaries	780,862	728,338	767,489	2,276,689
Employee benefits	126,055	138,684	122,925	387,664
Professional and consulting fees	159,627	66,484	24,100	250,211
Payroll taxes	59,161	53,094	59,189	171,444
National and state affiliation dues	69,185	37,038	55,046	161,269
Printing and publications	33,214	6,081	111,425	150,720
Occupancy	42,472	42,472	59,460	144,404
Rental and maintenance of equipment	34,841	22,248	37,966	95,055
Depreciation	27,631	27,631	38,684	93,946
Processing fees	-	-	89,677	89,677
Special events	6,167	543	71,795	78,505
Supplies	15,651	19,074	9,843	44,568
Bank fees	4,045	2,381	36,401	42,827
Insurance	12,239	12,239	17,135	41,613
Sponsored events and meetings	16,216	4,485	11,981	32,682
Travel	7,900	12,143	9,758	29,801
Conferences	9,552	5,430	8,559	23,541
Telephone	1,243	6,922	13,820	21,985
Staff development	7,543	3,914	3,716	15,173
Recognition	2,780	4,937	3,783	11,500
Postage	478	1,580	6,231	8,289
Subscriptions	725	970	4,550	6,245
Total expenses	\$ 7,601,385	\$ 1,196,688	\$ 1,563,533	\$ 10,361,606

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	Program Services	Support Services		Total
		Management and General	Fundraising and Other Events	
Allocations to agencies	\$ 3,203,466	\$ -	\$ -	\$ 3,203,466
Grants to others	2,321,653	-	-	2,321,653
Salaries	644,419	746,374	747,259	2,138,052
Employee benefits	99,944	138,013	138,907	376,864
Professional and consulting fees	120,042	110,487	59,025	289,554
Payroll taxes	59,594	55,886	57,818	173,298
Occupancy	53,201	51,691	63,176	168,068
National and state affiliation dues	64,704	40,348	48,854	153,906
Printing and publications	23,924	1,440	104,407	129,771
Bank fees	2,220	1,722	86,674	90,616
Special events	11,702	-	67,852	79,554
Depreciation	25,416	23,828	30,182	79,426
Rental and maintenance of equipment	31,598	16,410	22,958	70,966
Processing fees	-	-	56,819	56,819
Telephone	15,483	12,744	16,864	45,091
Travel	12,993	11,970	15,066	40,029
Insurance	10,831	10,154	12,861	33,846
Supplies	10,029	7,305	10,207	27,541
Sponsored events and meetings	4,939	4,689	13,512	23,140
Conferences	4,447	7,534	8,639	20,620
Staff development	3,932	5,050	7,166	16,148
Postage	716	1,580	11,542	13,838
Recognition	143	2,648	1,311	4,102
Total expenses	\$ 6,725,396	\$ 1,249,873	\$ 1,581,099	\$ 9,556,368

See accompanying notes to financial statements.

## Note 1 – Description of Organization

United Way of Palm Beach County, Inc. (the “Organization” or “United Way”) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization is governed by a volunteer Board of Directors. The Organization’s mission is to improve measurably the lives of individuals and families in Palm Beach County by uniting the resources of donors, volunteers, agencies and the community. The Organization advances the common good by creating opportunities for a better life for all, with a focus on the impact areas of education, income and health – the building blocks for a good quality of life. The Organization conducts an annual fundraising campaign to obtain funds for investment in a variety of programs within these impact areas. Donors have the option to designate their contributions to a specific impact area or charitable organization. In addition to the annual campaign which is the Organization’s largest source of support, the Organization receives private and public grants.

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Presentation*

In accordance with U.S. generally accepted accounting principles (“GAAP”), the Organization’s financial statements have been prepared on the full accrual basis of accounting. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

*Unrestricted Net Assets*—Unrestricted net assets result from revenues derived from unrestricted contributions, grants, return on investments and other inflows of assets whose use is not limited by donor-imposed restrictions less expenditures.

*Temporarily Restricted Net Assets*—Contributions and other inflows of assets whose use is limited by donor imposed stipulations that will expire by donor payment of a pledge, passage of time, or can be fulfilled and removed by actions of the Organization, such as usage for specific programs.

*Permanently Restricted Net Assets*—Contributions and other inflows of assets whose use is limited by donor-imposed stipulations that the resources must be maintained permanently.

### *Revenue Recognition*

The Organization recognizes contribution revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-For-Profit Entities*. Contributions received are recognized at fair value, including unconditional promises to give when the promise is made. Contributions that are to be collected more than one year in the future are recorded at their discounted present value. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as temporarily restricted support. All pledged amounts accounted for as campaign revenue are considered to be temporarily restricted since amounts are unconditional promises to give with payments due in future periods. Unrestricted cash contributions are considered unrestricted campaign contributions upon receipt of the gifts.

**Note 2 – Summary of Significant Accounting Policies, continued**

**Revenue Recognition, continued**

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Organization is a beneficiary under various wills and trust agreements. Related amounts are recorded when either a will is declared valid by a probate court or the Organization is notified as an irrevocable beneficiary of a trust, and the expected proceeds are measurable.

The Organization conducts a donor-advised fund program for large individual contributions. Under this program, contributors are permitted to provide recommendations on the use of the funds. The funds are held until distributed pursuant to the Organization's approval.

Designation fees are fees that the Organization charges recipient agencies as cost recovery fees for processing designated pledges. Designated pledges include contributions that are designated by the contributor to the Organization's affiliated agencies or non-affiliated agencies. As the Organization serves as an intermediary, it recognizes a liability to the specified external agency concurrent with the recognition of the assets received from the donor. Designated contributions are subtracted from gross contributions to derive net campaign contribution revenue on the statements of activities and changes in net assets.

The Organization receives various grants from federal and local agencies and private companies for program and supporting services. These grants are generally funded on a cost reimbursement basis or when required services are performed. Accordingly, revenues from grants are generally recognized in the statements of activities and changes in net assets when expenses are made for the purpose specified. Grant funds that have been received but have not yet been expended for the purposes specified are generally reported as deferred revenue.

Third-party processors manage campaign results processing for some national corporations located in the Organization's service area. In instances where the Organization performs fundraising efforts and becomes aware of pledge amounts to its member agencies from such companies, it records the campaign revenue and offsets it by third-party processor designations.

**Combined Federal Campaign and Florida State Employees' Charitable Campaign**

The Combined Federal Campaign ("CFC") is the only authorized solicitation of Federal employees in their workplaces on behalf of approved charitable organizations. United Way is one of the CFC participating charities where donors may direct their gift. Each local campaign is managed by a Local Federal Coordinating Committee which serves as a Board of Directors for the local campaign and makes admission determination for local charities and selects a Principal Combined Fund Organization ("PCFO") to administer the campaign. The U.S. Office of Personnel Management regulates the CFC and provides guidance and oversight to local campaigns. United Way previously served as the PCFO for the local CFC covering Palm Beach County as well as seven other counties. United Way honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

**Note 2 – Summary of Significant Accounting Policies, continued**

***Combined Federal Campaign and Florida State Employees' Charitable Campaign, continued***

United Way will continue to administer the Palm Beach County Florida State Employees' Charitable Campaign ("FSECC") and the Combined Federal Campaign ("CFC") as federations, whereby donors are afforded an opportunity to donate to United Way and several of its partner agencies. The Organization did not recognize any campaign results for the 2017 year.

Campaign results included in the accompanying statements of activities and changes in net assets for the year ended June 30, 2016 were as follows:

	<u>2016</u>
<b>CFC:</b>	
Campaign contributions	\$ 19,707
Designation to other agencies	(16,245)
Net amount	<u>\$ 3,462</u>
<b>FSECC:</b>	
Campaign contributions	\$ 1,305
Designation to other agencies	(738)
Net amount	<u>\$ 567</u>

***Cash and Cash Equivalents***

The Organization considers money market funds, repurchase agreements and all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. In addition to its operating account, United Way maintains a separate bank account for the CFC, as required by that national program. Certain funds in these accounts are subject to external restrictions or limitations on its use, including cash received under grant agreements which has not been expended for the specified purpose and cash held for others under agency relationships (including designated contributions received but not yet paid out to the other agencies). At June 30, 2017 and 2016, cash and cash equivalents subject to these restrictions or limitations in the CFC bank account and United Way's operating accounts amounted to \$3,794,384 and \$574,891, respectively.

***Investments***

Investment balances and return on investments, net of fees, including net appreciation and depreciation, income and losses, are reported as either restricted or unrestricted, in accordance with donor specifications. Investments are presented at fair value as determined by methodologies relevant to each asset classification with any related gain or loss reported in the statements of activities and changes in net assets. Realized and unrealized gains and losses are recognized for changes in fair value between periods or when related securities are sold.

## Note 2 – Summary of Significant Accounting Policies, continued

### Investments, continued

Investments include both board-designated and donor-restricted endowment assets and are managed in accordance with board approved investment and spending policies. The policies, including the policy establishing the portion of the portfolio to be spent annually, seek to preserve the value of the portfolio in real terms and to generate a reliable flow of earnings for support of the Organization. The board-designated endowment spending policy provides that 1) a minimum of \$2,000,000 be invested before any income is distributed, and 2) the income available for distribution is calculated as 4.8% of the endowment fund's value, as measured on December 31st, based on an average of the past three years of the fund's market value. The investment policy statement provides for major classes of assets, including: cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets and real estate. The donor-restricted endowment permits annual distributions equal to 5% of the endowment fund balance as of the beginning of the applicable year, with a stipulation that any distributions in excess of that amount shall be permissible only for emergencies and must be approved by the Board of Directors.

### Fair Value Measurement

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value and provides specific disclosure requirements based on the hierarchy. Fair value is defined as 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 categorizes its financial instruments, as well as certain other assets reported at fair value, based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial instruments and other assets recorded at fair value on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date (examples include active exchange-traded equity and fixed income securities).

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds); pricing models whose inputs are observable for substantially the full term of the asset or liability (*examples include most over the counter derivatives, including interest rate and currency swaps*); and pricing models whose inputs are derived principally from or corroborated by observable market data. Level 2 assets also include investment funds that do not have a readily determinable fair value but meet

**Note 2 – Summary of Significant Accounting Policies, continued**

***Fair Value Measurement, continued***

other criteria and a net asset value per share, or its equivalent, is provided by the fund manager and the reporting entity has the ability to redeem its investment at the net asset value per share at the measurement date.

Level 3 - Unobservable inputs for the asset or liability. Level 3 assets may not permit redemptions at net asset value, or its equivalent, at the measurement date. Management uses inputs that reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments, hedge funds, non-public real estate and split-interest agreements).

***Pledges Receivable and Grants Receivable***

Pledges receivable are unconditional promises received from the annual fundraising campaign and are recorded when the promises to contribute are made. The Organization provides an allowance for estimated uncollectible amounts at the time campaign pledges are recorded. The provision for uncollectible pledges is based, among other things, on the Organization's past collection experience and the impact of changes in the current economic conditions. Pledges receivable with payment terms in excess of one year are recorded at the present value of the expected future cash flows. Amortization of the discounts related to pledges receivable are recognized over the period of the promise as contribution revenue.

Grants receivable are due from federal and local agencies and private companies and are stated at net realizable value.

***Property and Equipment***

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment whose cost is equal to or in excess of \$1,000 and whose useful life is greater than one year. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Building	40
Building improvements	7 - 30
Furniture and equipment	3 - 15

***Donated Services and Other In-kind Contributions***

The Organization recognizes the fair value of donated services received if such services: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Organization receives services from a number of volunteers who give significant amounts of their time to the Organization's programs, fund-raising campaigns, and management. Time donated by these volunteers is not recorded in the financial statements, as these services do not meet the required recognition criteria in accordance with FASB ASC 958.

## Note 2 – Summary of Significant Accounting Policies, continued

### *Donated Services and Other In-kind Contributions, continued*

Non-cash assets that can be used or sold are recognized as in-kind contributions at fair value when received from or unconditionally promised by a donor.

The Organization recorded \$59,918 and \$123,620 related to donated services, for the fiscal years ended June 30, 2017 and 2016, respectively.

### *Allocations Payable to Agencies*

The Organization annually allocates funds to its affiliated agencies. The Board of Directors approves the total amount of allocations to be distributed for the next fiscal year. The amounts allocated to the individual agencies are determined by the Community Impact Committee. Once the board approves the allocations, the agencies are notified and agreements are executed with the agencies prior to June 30. The allocations are considered conditional promises to give as the agencies must execute the agreements and comply with the terms and conditions included therein in order to receive the funds. As the possibility of the agencies not executing the agreements or not meeting the routine performance requirements or other conditions are considered remote, the allocations are recognized as an expense and liability when the agreements are executed with the agencies, prior to June 30 of each year.

### *Designations Payable*

The Organization honors donor designations to other non-profit agencies. To be eligible to receive a donation, the agency must be an active 501(c)(3) organization and comply with the Patriot Act.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities of the Organization have been summarized in the accompanying statements of activities and changes in net assets on a functional basis. Accordingly, certain costs have been charged to each category based on direct expenditures incurred or allocated among the program and support services based on the timesheet and full-time equivalent (FTE) allocation methods; the method used is dependent on the nature of the expenditure.

### *Charitable Gift Annuity Program and Split Interest Agreements*

The Organization has a charitable gift annuity program, whereby the Organization receives a transfer of assets from a donor and agrees to pay an annuitant a fixed amount of money periodically for his or her lifetime. Upon the death of the annuitant, the remaining balance will be available for the unrestricted use of the Organization. When the gift annuity is established, the difference between the fair value of the assets transferred and the liability for the estimated future payments (discounted over the annuitant's life expectancy using published mortality tables), is recorded as unrestricted contribution revenue. The Organization has not elected the fair value option for reporting purposes in subsequent periods. Accordingly, discount rate assumptions are not adjusted, and each reporting period the annuity obligation is re-measured based on changes in actuarial assumptions only (life expectancy). The resulting adjustment is recorded as unrestricted "change in value of split interest agreements" in the statements of activities and changes in net assets.

## Note 2 – Summary of Significant Accounting Policies, continued

### *Charitable Gift Annuity Program and Split Interest Agreements, continued*

Additionally, the Organization is a residual beneficiary of split-interest agreements whereby another entity serves as trustee. These split-interest agreements include a charitable remainder trust and a perpetual trust. Under the charitable remainder trust, the trustee holds and invests the assets and pays the annuitant(s) on a periodic basis for their lifetime. Upon the death of the annuitant(s), the Organization will receive the remaining balance (or proportionate share) from the trustee which is available for the unrestricted use of the Organization. Temporarily restricted contribution revenue (based on inherent time restrictions) is recognized when the Organization is notified of the existence of the remainder trust agreement based on the fair value of the assets less the fair value of the payments to be made to other beneficiaries (measured using a present value technique). The Organization has a beneficial interest in one perpetual trust which is classified as permanently restricted as the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The Organization's proportionate share of the perpetual trust assets are used to measure the beneficial interest. As the cash or other assets contributed by donors under these split-interest agreements are held by independent trustees, the measurement objective for the beneficial interest at initial recognition and for subsequent periods is fair value. Changes in the fair values of the Organization's beneficial interest under these arrangements are recorded each reporting period as temporarily or permanently restricted, as applicable, "change in value of split interest agreements" in the statements of activities and changes in net assets.

### *Income Taxes*

The Organization is a non-profit organization exempt from income taxes under Section 501(c)(3) of the IRC. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the IRC.

The Organization follows ASC 740, *Income Taxes*. ASC 740 creates a single model to address uncertainty in income tax provisions and prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on de-recognition, measurement, classification, interest and penalties, disclosure and transition. There was no impact on the Organization's financial statements as a result of the implementation of ASC 740. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

### *Reclassifications*

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported change in net assets.

### *Accounting Estimates*

The preparation of financial statements in conformity with GAAP generally 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 and the reported amounts of public support and revenue, and expenses during the reporting period. Actual results could differ from those estimates.

## Note 2 – Summary of Significant Accounting Policies, continued

### *New Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-14 *“Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities”*. Under the new guidance, not-for-profit (“NFP”) entities are required to: (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method; (4) provide enhanced disclosure on (a) governing board designations, appropriation, and similar actions that result in self-imposed limits on use of resources without donor-imposed restriction as of the end of the period; (b) composition of net assets with donor restrictions at the end of the period; (c) qualitative information that communicates how the Organization manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date; (d) qualitative information that communicates availability of an Organization’s financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date; (e) amount of expenses by both their natural and functional classification; (f) methods used to allocate costs amount programs and support functions; (g) additional disclosures on underwater endowment funds. The new reporting guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted, however, the Organization does not intend to early adopt. Management is evaluating the potential impact of this new guidance on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash”*, which provides guidance on the classification of restricted cash in the statement of cash flows. ASU No. 2016-18 is effective for our fiscal year beginning July 1, 2018. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2016-18 to have a material effect on the financial statements and disclosures.

### *Date of Management’s Review*

The Organization evaluated events and transactions for potential recognition or disclosure in the financial statements through January 12, 2018, the date the financial statements were available to be issued.

## Note 3 – Concentration of Credit Risk

The Organization maintains most of its cash balances at one financial institution. Cash accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017 and 2016, the Organization’s cash balances held at financial institutions exceeded FDIC insured limits by \$3,794,384 and \$3,914,662, respectively.

**Note 3 – Concentration of Credit Risk, continued**

Credit risk exists for pledges receivable because substantially all of these balances are from individuals/companies located within the same geographic region. Additionally, campaign pledges received from two (2) companies comprised 45% of the total gross campaign contributions at June 30, 2017 and 2016 and 57% and 55% of net pledges receivable at June 30, 2017 and 2016, respectively.

The Organization receives most of its grant revenue from one grantor. Total grant revenue received from this grantor comprised 69% and 83% of total grant revenue for the fiscal years ended June 30, 2017 and 2016, respectively.

**Note 4 – Investments**

The Organization's investments at fair value are comprised of the following at June 30:

	<u>2017</u>	<u>2016</u>
Mutual funds:		
TD Ameritrade Cash	\$ 2,458	\$ 34,948
Short-Term Govt Portfolio	1,864,785	1,011,173
Short-Term Extended Quality Portfolio	2,058,962	2,556,130
U.S. Core Equity I Portfolio	3,825,489	3,704,476
Global Real Estate Securities Portfolio	621,673	668,003
International Core Equity Portfolio	1,342,107	1,201,169
Emerging Markets Core Equity Portfolio	629,362	547,573
Total investments	<u>\$ 10,344,836</u>	<u>\$ 9,723,472</u>

Investment income consists of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 3,683	\$ 161,938
Realized gain on investments	288,804	39,074
Unrealized gain (loss) on investments	794,802	(38,615)
Total investment income	<u>\$ 1,087,289</u>	<u>\$ 162,397</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**Note 5 – Pledges Receivable**

	<u>2017</u>	<u>2016</u>
Campaign pledges, undesignated	\$ 1,613,321	\$ 865,245
Campaign pledges, designated	<u>1,168,267</u>	<u>1,722,591</u>
	2,781,588	2,587,836
Less: allowance for uncollectible pledges	<u>(418,100)</u>	<u>(478,900)</u>
Pledges receivable, net	<u><u>\$ 2,363,488</u></u>	<u><u>\$ 2,108,936</u></u>

**Note 6 – Charitable Remainder Trust**

The Organization has been named a remainder beneficiary of a charitable remainder annuity trust, which was created in 1987 upon the death of the trust settlor. Seven income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year equal to a percentage of the initial fair market value of the trust assets. Upon the death of the last surviving individual beneficiary, twenty percent of the remaining principal is to be distributed to the Organization. The present value of the expected future cash flow payments to the beneficiaries, based on their estimated life expectancies and discounted at 3.5% for June 30, 2017 and 2016, was deducted from the fair market value of the trust principal. A noncurrent asset of \$881,386 has been recognized, representing the Organization's share of the net fair market value of the trust principal at June 30, 2017 (\$815,038 at June 30, 2016). Changes in the value of the trust have been reported in the statements of activities and changes in net assets as increases (decreases) in temporarily restricted net assets.

**Note 7 – Fair Value Measurements**

At June 30, 2017 and 2016, the fair value of those assets recognized in the accompanying statements of financial position at fair value on a recurring basis and the level within the fair value hierarchy are as follows:

	<u>At June 30, 2017</u>			
	<u>Quoted Prices in Active Markets for identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Assets:				
Investments:				
Mutual funds	\$ 10,344,836	\$ -	\$ -	\$ 10,344,836
Total investments	<u>\$ 10,344,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,344,836</u>
Beneficial interest in split-interest agreements:				
Perpetual trust	\$ -	\$ -	\$ 74,705	\$ 74,705
Charitable remainder agreements	-	-	881,386	881,386
Total beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 956,091</u>	<u>\$ 956,091</u>

**Note 7 – Fair Value Measurements, continued**

	At June 30, 2016			
	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual funds	\$ 9,723,472	\$ -	\$ -	\$ 9,723,472
Total investments	<u>\$ 9,723,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,723,472</u>
Beneficial interest in split-interest agreements:				
Perpetual trust	\$ -	\$ -	\$ 48,098	\$ 48,098
Charitable remainder agreements	-	-	815,038	815,038
Total beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,136</u>	<u>\$ 863,136</u>

The following tables summarize changes in fair value of the Level 3 assets for which unobservable inputs were used to determine fair value:

	Beginning Balance July 1, 2016	Changes in Value Included in Net Assets	Ending Balance June 30, 2017
Beneficial interest in split-interest agreement:			
Perpetual trust	\$ 48,098	\$ 26,607	\$ 74,705
Charitable remainder trust	815,038	66,348	881,386
Total beneficial interest in split-interest agreements	<u>\$ 863,136</u>	<u>\$ 92,955</u>	<u>\$ 956,091</u>

	Beginning Balance July 1, 2015	Changes in Value Included in Net Assets	Ending Balance June 30, 2016
Beneficial interest in split-interest agreement:			
Perpetual trust	\$ 45,108	\$ 2,990	\$ 48,098
Charitable remainder trust	849,045	(34,007)	815,038
Total beneficial interest in split-interest agreements	<u>\$ 894,153</u>	<u>\$ (31,017)</u>	<u>\$ 863,136</u>

There were no transfers between Levels 1, 2 and 3 during the years ended June 30, 2017 or 2016.

At June 30, 2017 and 2016, there were no financial assets or liabilities measured at fair value on a nonrecurring basis in periods subsequent to initial recognition.

**Note 7 – Fair Value Measurements, continued**

Level 1 fair value measurements using significant observable inputs include investments in mutual funds whose values are based on quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 3 fair value measurements using significant unobservable inputs include the Organization's beneficial interest in split-interest agreements. The subject of the fair value measurement (unit of account) for a beneficial interest in a trust is each individual beneficial interest. As there is currently no market in which beneficial interests in charitable trusts trade, there is no observable exit price for a beneficial interest. The valuation technique and inputs used in determining fair value of the beneficial interest in split-interest agreements varies depending on the specific terms of the agreements, and is based on information furnished by the independent trustee. Refer to Note 2 for a description of the terms of the Organization's split-interest agreements. The fair value of the beneficial interest in perpetual trust is measured using the Organization's proportionate share of the fair value of the trust assets. The fair market value of the trust assets are obtained from the trustee. For the charitable remainder trust, the fair value of the beneficial interest is estimated based on the fair value of the assets (as obtained from the trustee) less the fair value of the payments to be made to other beneficiaries. The latter is calculated using an income approach in the form of a present value technique based on assumptions including a risk adjusted discount rate of 3.5% as of June 30, 2017 and 2016 and published life expectancy tables.

***Financial Instruments Not Measured at Fair Value***

The carrying amounts of cash and cash equivalents, pledges, and grants receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of allocations and designations payable, accounts payable and accrued liabilities approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying amount of annuity obligations approximates fair value because it is recorded at net present value.

**Note 8 – Property and Equipment**

Property and equipment consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 646,840	\$ -
Furniture and equipment	134,991	270,093
Construction in process	-	638,816
	<u>781,831</u>	<u>908,909</u>
Less: accumulated depreciation	(148,091)	(201,373)
Property and equipment, net	<u>\$ 633,740</u>	<u>\$ 707,536</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$93,946 and \$79,426, respectively.

**Note 9 – Net Assets**

Net assets consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Expended for property and equipment	\$ 633,740	\$ 707,536
Board designated:		
Program allocations	207,067	197,067
Donor advised funds	31,553	76,848
Endowment	9,231,320	5,752,330
Undesignated	(2,289,367)	422,114
Total unrestricted	<u>\$ 7,814,313</u>	<u>\$ 7,155,895</u>
Temporarily restricted:		
Undesignated pledges receivable, net	\$ 2,412,254	\$ 2,058,148
Donor restricted endowment	166,157	148,155
Emergency needs/disaster assistance funds	443,120	353,864
Beneficial interest in charitable remainder trust	881,386	815,038
Programs	35,390	18,372
Grants	25,881	35,931
Total temporarily restricted	<u>\$ 3,964,188</u>	<u>\$ 3,429,508</u>
Permanently restricted:		
Beneficial interest perpetual trust	\$ 74,705	\$ 48,098
Total permanently restricted	<u>\$ 74,705</u>	<u>\$ 48,098</u>

Temporarily restricted net assets include undesignated unconditional promises to give that are subject to time restrictions which have not been met, purpose restricted unconditional donor contributions, grants for which expenses satisfying the donor restrictions have not yet been incurred, and beneficial interest in gift annuities and trusts that are restricted by time.

Permanently restricted net assets consist of amounts held in trust by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive a portion of the income earned on the trust assets in perpetuity, but will never receive the assets held in the trust. A noncurrent asset of \$74,705 and \$48,098 was recorded for the Organization's share of the fair market value of the trust principal at June 30, 2017 and 2016, respectively, which was based on the average percentage share of the annual distributions from the trust for the last five years. Changes in the value of the trust have been reported in the statements of activities and changes in net assets as increases in permanently restricted net assets.

In November 2017, the Organization received a final distribution check related to the trust under a legal order to terminate the trust in the amount of \$56,421. As a result of this termination, in fiscal 2018, the permanently restricted net assets related to the trust will be reclassified as unrestricted net assets.

Included in permanently restricted net assets is \$25,000 related to a beneficial interest in assets held at a foundation.

**Note 9 – Net Assets, continued**

***Endowment Net Assets***

The Organization's endowments consist of funds established for a variety of purposes. Its endowments include funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Florida Uniform Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. At June 30, 2017 and 2016, the Organization received no such permanent endowment gifts.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operating costs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs. Actual results in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds could fall below the level that the donor or law requires the Organization to retain as a fund of perpetual duration. Any such deficiencies of this nature would be reported in unrestricted net assets. During the years ended June 30, 2017 and 2016, there were no such deficiencies.

**Note 9 – Net Assets, continued**

*Endowment Net Assets, continued*

The composition of the Organization's endowment net assets was as follows:

	At June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 166,157	\$ -	\$ 166,157
Board designated endowment funds	9,231,319	-	-	9,231,319
Total	<u>\$ 9,231,319</u>	<u>\$ 166,157</u>	<u>\$ -</u>	<u>\$ 9,397,476</u>

  

	At June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 148,155	\$ -	\$ 148,155
Board designated endowment funds	5,752,330	-	-	5,752,330
Total	<u>\$ 5,752,330</u>	<u>\$ 148,155</u>	<u>\$ -</u>	<u>\$ 5,900,485</u>

Changes to endowment net assets are as follows for the years ended June 30, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2014	\$ 6,085,971	\$ 153,085	\$ -	\$ 6,239,056
Investment return	99,382	2,495	-	101,877
Receipts/contributions	14,967	-	-	14,967
Appropriated for operating expenditures	-	-	-	-
Change in present value of annuity obligation	29,063	-	-	29,063
Endowment net assets, June 30, 2015	\$ 6,229,383	\$ 155,580	\$ -	\$ 6,384,963
Investment return	9,302	198	-	9,500
Receipts/contributions	24,513	-	-	24,513
Appropriated for operating expenditures	(496,296)	(7,623)	-	(503,919)
Change in present value of annuity obligation	(14,572)	-	-	(14,572)
Endowment net assets, June 30, 2016	5,752,330	148,155	-	5,900,485
Investment return	719,799	18,002	-	737,801
Receipts/contributions	3,088,239	-	-	3,088,239
Appropriated for operating expenditures	(314,560)	-	-	(314,560)
Change in present value of annuity obligation	(14,489)	-	-	(14,489)
Endowment net assets, June 30, 2017	<u>\$ 9,231,319</u>	<u>\$ 166,157</u>	<u>\$ -</u>	<u>\$ 9,397,476</u>

### Note 10 – Contingency

The Organization receives grants from various sources to supplement its programs. Grant revenue represents 29% and 24% of total revenues for the years ended June 30, 2017 and 2016, respectively. Any loss of funding could have a negative impact on community services provided by the Organization. These grants require the fulfillment of certain conditions as set forth in the instrument of a grant. Failure to fulfill the conditions, or failure to continue to fulfill them, could result in the return of the funds to grantors. Although this is a possibility, management believes that any potential loss would not have a material adverse effect on the financial statements.

### Note 11 – Annuity Obligations

The Organization has established a planned giving program whereby donors may set up charitable gift annuities with the Organization. Under this program, donors can contribute cash, securities or property to the Organization, and in return receive a guaranteed fixed income for life. Contribution revenue is recognized as the difference between the fair value of the cash or property received and the annuity liability.

Liabilities were recognized for the life annuity payments at the present value of the expected future cash payments determined using actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift. The annuity liability is reduced as payments are made by the Organization to the donor. Upon death of the donor, any remaining annuity liability would be recognized as revenue in the current year.

The present value of future payment liabilities of charitable gift annuities is \$74,101 and \$78,576 at June 30, 2017 and 2016, respectively. The annuity obligations are adjusted each year to reflect changes in the life expectancy of the beneficiaries.

The Organization is licensed by the State of Florida to enter into annuity agreements with donors. Florida Statutes require entities with such a license to maintain assets equal to the sum of reserves on outstanding agreements and a surplus of 25% of such reserves. Assets shall be invested only in securities permitted under Part II of Chapter 625 of the Florida Statutes.

### Note 12 – Retirement Plan

The Organization has a 401(k) plan which is available to all non-limited duration employees who have been with the Organization at least three months. After one year of service, the Organization contributes 5% of the employee's total compensation and 50% of the employee's contribution up to a limit of 6% of compensation. Contributions totaled \$115,392 and \$118,359 for the years ended June 30, 2017 and 2016, respectively.

### Note 13 – Operating Leases

The Organization leases office space for its headquarters in West Palm Beach, Florida under a non-cancelable agreement extending through 2026. The Organization previously leased office equipment and a vehicle under various agreements that expired in 2017.

**Note 13 – Operating Leases, continued**

Rent expense on the leases for June 30, 2017 and 2016, totaled \$123,780 and \$13,513, respectively.

<u>Years Ending June 30,</u>	
2018	\$ -
2019	31,317
2020	146,724
2021	150,408
2022	154,176
Thereafter	656,316
Total minimum lease obligation	<u>\$ 1,138,941</u>

**Note 14 – Line of Credit**

On November 30, 2011, the Organization entered into a line of credit agreement with a bank in the amount of \$1,000,000. On January 28, 2014, there were modifications to the terms of the line of credit, which included an increase in the amount available for borrowing to \$1,500,000. The line of credit has a one-year term, is renewable annually, and is collateralized by all business assets of the Organization. Interest is payable monthly at Daily Libor plus 2.75% (3.92% at June 30, 2017).

On February 23, 2016 and January 24, 2017, there were further extensions of the term to December 31, 2016 and January 31, 2018, respectively. All other terms and conditions of the note and other agreements and documents executed in connection with the original agreement remain in full force and effect.

During the year, the Organization borrowed as needed and repaid as able. The highest outstanding balance at any time was \$250,000. There was no outstanding balance on the line of credit at June 30, 2017 and 2016.