

**HEARTLAND UNITED WAY, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**December 31, 2018 and 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Heartland United Way, Inc.

We have audited the accompanying financial statements of Heartland United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes of the financial statements.

### Management's Responsibility for the Financial Statements

The Organization's 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 the 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 audits 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.

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

Wealth Management, LLC Registered Investment Advisor, is affiliated with Almquist, Maltzahn, Galloway & Luth, P.C.  
and offers wealth management and investment advisory services.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland United Way, Inc., as of December 31, 2018 and 2017, 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.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Distribution of Campaign Funds is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*August Mathalm.*  
*Galloway & Luth, P.C.*

Grand Island, Nebraska  
March 27, 2019

**HEARTLAND UNITED WAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2018 and 2017**

	<u>Office Fund</u>	<u>General Fund</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 90,262	\$ 818,752
Investments (note C)	-	-
Prepaid expense	7,705	24,490
Accounts receivable - other	5,498	97
Pledges receivable (notes A4 and E)		
2017 - net of allowance for uncollectible pledges of \$76,910 in 2017	-	-
2018 - net of allowance for uncollectible pledges of \$70,488 in 2017 and 2018	-	34,996
2019 - net of allowance for uncollectible pledges of \$64,559 in 2018	-	732,971
Total current assets	103,465	1,611,306
<b>EQUIPMENT, AT COST (note A5)</b>		
Equipment	113,710	-
Less accumulated depreciation	(55,407)	-
	58,303	-
<b>TOTAL ASSETS</b>	<b>\$ 161,768</b>	<b>\$ 1,611,306</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Allocations payable	\$ -	\$ 1,147,347
Donor designations payable (note A10)	-	384,594
Accrued payroll taxes	5,499	-
Accrued payroll and vacation	18,300	-
Other payroll withholdings	1,955	-
Accounts payable	16,007	11,853
Total current liabilities	41,761	1,543,794
<b>NET ASSETS</b>		
Without donor restrictions	83,549	-
With donor restrictions (note F)	36,458	67,512
Total net assets	120,007	67,512
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 161,768</b>	<b>\$ 1,611,306</b>

See notes to financial statements.

Contingency Fund	Investment Fund	Total All Funds	
		2018	2017
\$ 148,605	\$ -	\$ 1,057,619	\$ 1,376,019
396,188	626,763	1,022,951	815,597
-	-	32,195	25,959
-	-	5,595	2,317
-	-	-	46,453
-	-	34,996	842,267
-	-	732,971	-
<u>544,793</u>	<u>626,763</u>	<u>2,886,327</u>	<u>3,108,612</u>
-	-	113,710	83,334
-	-	(55,407)	(47,944)
<u>-</u>	<u>-</u>	<u>58,303</u>	<u>35,390</u>
<u>\$ 544,793</u>	<u>\$ 626,763</u>	<u>\$ 2,944,630</u>	<u>\$ 3,144,002</u>
\$ -	\$ -	\$ 1,147,347	\$ 1,155,161
-	-	384,594	494,809
-	-	5,499	58
-	-	18,300	21,016
-	-	1,955	-
-	-	27,860	6,161
<u>-</u>	<u>-</u>	<u>1,585,555</u>	<u>1,677,205</u>
544,793	626,763	1,255,105	1,276,690
-	-	103,970	190,107
<u>544,793</u>	<u>626,763</u>	<u>1,359,075</u>	<u>1,466,797</u>
<u>\$ 544,793</u>	<u>\$ 626,763</u>	<u>\$ 2,944,630</u>	<u>\$ 3,144,002</u>

**HEARTLAND UNITED WAY, INC.**

**STATEMENTS OF ACTIVITIES**

**Years ended December 31, 2018 and 2017**

	<u>Office Fund</u>	<u>General Fund</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues		
Contributions and grants	\$ 295	\$ -
Interest and dividends	-	2,998
Administration fee - donor designations	34,772	-
Unrealized gain (loss) on investments	-	-
	35,067	2,998
Total unrestricted revenues		
Net assets released from restrictions (note G)		
Satisfaction of program restrictions	5,400	466,658
	40,467	469,656
Total unrestricted revenues and other support		
Expenses		
Functional expenses	426,741	53,399
Depreciation expense	9,965	-
	436,706	53,399
Total expenses		
Increase (decrease) in unrestricted net assets before other adjustments	(396,239)	416,257
Other adjustments		
Interfund transfers	296,257	(416,257)
	(99,982)	-
Increase (decrease) in net assets without donor restrictions		
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Total amount raised in campaign - net of uncollectible pledges of \$68,559 in 2018 and \$70,488 in 2017	-	1,976,532
Less: Amounts designated by donors for specific organizations	-	(1,029,589)
Total contributions	-	946,943
Funds allocated to agencies	-	(1,628,089)
Less: Allocations funded through donor designations	-	1,029,589
Allocations of campaign contributions to various agencies	-	(598,500)
Collection of prior year pledges in excess of estimated net collectible	-	23,924
Other temporarily restricted contributions	13,554	-
Net assets released from restrictions (note G)	(5,400)	(466,658)
Increase (decrease) in net assets with donor restrictions	8,154	(94,291)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(91,828)	(94,291)
Net assets at beginning of year	211,835	161,803
Net assets at end of year	\$ 120,007	\$ 67,512

See notes to financial statements.

Contingency Fund	Investment Fund	Total All Funds	
		2018	2017
\$ -	\$ -	\$ 295	\$ 629
24,344	39,359	66,701	41,473
-	-	34,772	31,179
<u>(34,312)</u>	<u>(70,792)</u>	<u>(105,104)</u>	<u>79,450</u>
(9,968)	(31,433)	(3,336)	152,731
-	-	472,058	426,145
<u>(9,968)</u>	<u>(31,433)</u>	468,722	578,876
-	202	480,342	470,415
-	-	9,965	8,931
<u>-</u>	<u>202</u>	<u>490,307</u>	<u>479,346</u>
(9,968)	(31,635)	(21,585)	99,530
<u>(130,000)</u>	<u>250,000</u>	-	-
(139,968)	218,365	(21,585)	99,530
-	-	1,976,532	2,008,176
<u>-</u>	<u>-</u>	<u>(1,029,589)</u>	<u>(1,038,084)</u>
-	-	946,943	970,092
-	-	(1,628,089)	(1,660,084)
-	-	1,029,589	1,038,084
<u>-</u>	<u>-</u>	<u>(598,500)</u>	<u>(622,000)</u>
-	-	23,924	22,950
-	-	13,554	15,526
<u>-</u>	<u>-</u>	<u>(472,058)</u>	<u>(426,145)</u>
-	-	(86,137)	(39,577)
(139,968)	218,365	(107,722)	59,953
<u>684,761</u>	<u>408,398</u>	<u>1,466,797</u>	<u>1,406,844</u>
<u>\$ 544,793</u>	<u>\$ 626,763</u>	<u>\$ 1,359,075</u>	<u>\$ 1,466,797</u>



**HEARTLAND UNITED WAY, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Years ended December 31, 2018 and 2017**

	<b>2018</b>				Total All Funds
	Community <u>Impact</u>	<u>Admin.</u>	<u>Campaign</u>	<u>Investment</u>	
Salaries	\$ 146,261	\$ 65,005	\$ 59,588	\$ -	\$ 270,854
Employee benefits	19,952	8,868	8,129	-	36,949
Payroll taxes	12,115	5,384	4,936	-	22,435
Professional fees	6,323	1,459	1,946	202	9,930
Office supplies	2,951	2,108	1,968	-	7,027
Campaign supplies	283	-	43,642	-	43,925
Telephone	1,874	1,177	1,308	-	4,359
Postage	1,166	971	1,748	-	3,885
Occupancy (note B)	9,819	6,546	7,013	-	23,378
Repair and maintenance	2,411	2,205	2,274	-	6,890
Printing	2,021	1,399	4,353	-	7,773
Travel	3,036	1,146	1,547	-	5,729
Meetings	1,889	713	963	-	3,565
Dues	7,018	6,056	7,005	-	20,079
Insurance	2,964	2,340	2,496	-	7,800
Dolly Parton Imagination					
Library expenses	-	-	-	-	-
Holiday Program expenses	5,400	-	-	-	5,400
Discretionary funds	364	-	-	-	364
<b>Total functional expenses</b>	<b>\$ 225,847</b>	<b>\$ 105,377</b>	<b>\$ 148,916</b>	<b>\$ 202</b>	<b>\$ 480,342</b>

See notes to financial statements.

**2017**

Community <u>Impact</u>	<u>Admin.</u>	<u>Campaign</u>	<u>Investment</u>	Total All <u>Funds</u>
\$ 143,617	\$ 63,829	\$ 58,510	\$ -	\$ 265,956
18,152	8,068	7,396	-	33,616
11,346	5,042	4,622	-	21,010
8,664	2,000	2,666	200	13,530
2,488	1,777	1,659	-	5,924
260	-	42,129	-	42,389
1,927	1,210	1,345	-	4,482
2,350	1,958	3,525	-	7,833
9,535	6,357	6,811	-	22,703
403	369	380	-	1,152
1,839	1,274	3,963	-	7,076
2,639	996	1,344	-	4,979
1,348	509	687	-	2,544
7,016	6,058	7,007	-	20,081
2,763	2,181	2,327	-	7,271
6,477	-	-	-	6,477
2,985	-	-	-	2,985
407	-	-	-	407
<u>\$ 224,216</u>	<u>\$ 101,628</u>	<u>\$ 144,371</u>	<u>\$ 200</u>	<u>\$ 470,415</u>

**HEARTLAND UNITED WAY, INC.**

**STATEMENTS OF CASH FLOWS**

**December 31, 2018 and 2017**

	Office <u>Fund</u>	General <u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (91,828)	\$ (94,291)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	9,965	-
Unrealized (gain) loss on investments	-	-
Noncash donation	-	-
(Increase) decrease in:		
Prepaid expense	(2,308)	(3,928)
Accounts receivable - other	(3,181)	(97)
Pledges receivable	-	120,753
Increase (decrease) in:		
Allocations and donor designations payable	-	(118,029)
Accrued payroll and vacations	(2,716)	-
Accrued payroll taxes and payroll withholdings	7,396	-
Accounts payable	9,846	11,853
	<hr/>	<hr/>
Net cash provided (used) by operating activities	(72,826)	(83,739)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(32,878)	-
Purchase of investments	-	-
	<hr/>	<hr/>
Net cash used by investing activities	(32,878)	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(105,704)	(83,739)
Cash and cash equivalents - beginning of year	<hr/> 195,966	<hr/> 902,491
Cash and cash equivalents - end of year	<hr/> <u>\$ 90,262</u>	<hr/> <u>\$ 818,752</u>

See notes to financial statements.

Contingency Fund	Investment Fund	Total All Funds	
		2018	2017
\$ (139,968)	\$ 218,365	\$ (107,722)	\$ 59,953
-	-	9,965	8,931
34,312	70,792	105,104	(79,450)
-	-	-	-
-	-	(6,236)	48,330
-	-	(3,278)	2,591
-	-	120,753	(24,823)
-	-	(118,029)	(47,985)
-	-	(2,716)	5,669
-	-	7,396	(856)
-	-	21,699	(6,373)
<u>(105,656)</u>	<u>289,157</u>	<u>26,936</u>	<u>(34,013)</u>
-	-	(32,878)	(1,314)
<u>(23,301)</u>	<u>(289,157)</u>	<u>(312,458)</u>	<u>(38,560)</u>
<u>(23,301)</u>	<u>(289,157)</u>	<u>(345,336)</u>	<u>(39,874)</u>
(128,957)	-	(318,400)	(73,887)
<u>277,562</u>	<u>-</u>	<u>1,376,019</u>	<u>1,449,906</u>
<u>\$ 148,605</u>	<u>\$ -</u>	<u>\$ 1,057,619</u>	<u>\$ 1,376,019</u>

**HEARTLAND UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Nature of Operations

Heartland United Way, Inc., is a nonprofit organization engaged primarily in soliciting and collecting contributions from individuals and businesses in the Hall, Hamilton, Howard, and Merrick county areas, which it then allocates as support to its member agencies and other organizations. Contributions received in the form of pledges are unsecured.

2. Basis of Accounting and Presentation

Heartland United Way, Inc., uses the accrual basis of accounting, in conformity with the recommendations of the American Institute of Certified Public Accountants for Voluntary Health and Welfare Organizations. Under this method of accounting, revenues and expenses are recorded as incurred, without regard to the date of receipt or payment of cash.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification regarding *Financial Statements of Not-for-Profit Organizations*. Under SFAS Codification Standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Fund Accounting

In order to ensure observance of limitations and restrictions placed on use of resources available to the Organization, fund accounting is used to classify resources in accordance with activities or objectives specified.

Office Fund - is used to account for the operations of the Heartland United Way, Inc., local office. The fund also includes other designated resources available for support of office operations.

General Fund - is used to account for annual campaign pledges, collections, and allocations.

Contingency Fund - includes certain funds that are designated by the board to be retained for use in the event of an emergency such as a local disaster or a reduced campaign response, etc.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

3. Fund Accounting, continued

Investment Fund - includes amounts of donor contributions and bequests the board has designated be put in the Investment Fund, where the principal remains intact, with the interest being currently reinvested in the Fund.

4. Allowance for Uncollectible Pledges

The Organization provides an allowance for uncollectible pledges at the time campaign revenues are recorded. The allowance is estimated based on prior years' experience. At December 31, 2018, 4.7 percent of the 2019 general campaign revenues, or \$64,559, was recorded as an allowance for uncollectible pledges on the general campaign.

At December 31, 2017, 4.8 percent of the 2018 general campaign revenues, or \$70,488, was recorded as an allowance for uncollectible pledges on the general campaign.

5. Equipment

Property and equipment are stated at cost. Donated equipment is recorded at fair market value at the date of the donation. The Organization capitalizes equipment with a cost/value greater than \$1,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis. The estimated lives used in determining depreciation on the equipment range from five to seven years.

6. Income Taxes

As a nonprofit organization, Heartland United Way, Inc., is exempt from income taxes in accordance with Internal Revenue Code Section 501(c)(3). As of December 31, 2018, the 2015, 2016, and 2017 tax years are open for examination by the IRS.

7. Cash and Cash Equivalents

The Organization considers all cash and certificates of deposit, excluding the investments in the Investment Fund, to be cash and cash equivalents.

8. Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. However, no amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

9. Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

10. Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in the SFAS Codification Standards regarding *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS Codification Standards, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization also follows the SFAS Codification Standard regarding *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. Under this Statement, donations received with specific donor designations over which the Organization does not have variance power cannot be included in the revenue of Heartland United Way. These designated donor contributions are recorded as a liability until they are remitted to the designated beneficiaries.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

11. Promises To Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

12. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns does not present financial position, results of operations, and changes in fund balances in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Organization's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type) has not been presented since its inclusion would make the statements unduly complex and difficult to read.

13. Change in Accounting Principle

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the Organization to reclassify its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions, among other requirements.

The information presented for the year ended December 31, 2017 has been retrospectively adjusted to conform to the requirements of the change in accounting standards. This change in accounting principle did not change the total net assets as presented for the periods ending December 31, 2018 and 2017.



**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE B - RENT/LEASE EXPENSE**

On March 7, 2014, Heartland United Way, Inc., entered into a lease for office space owned by Wedgewood, Inc. Monthly rent of \$1,550 is due under terms of the lease commencing July 1, 2014 through June 30, 2021. Rent was increased \$50 per month effective December 2015 through the end of the lease for the addition of a lighted sign.

Total lease expense for 2018 and 2017 was \$19,200 and \$19,200, respectively.

Total minimum lease commitments for the succeeding years are as follows:

2019	\$ 19,200
2020	19,200
2021	9,600
2022	-
2023	-
	<u>\$ 48,000</u>

**NOTE C - INVESTMENT FUND**

The Organization has been the beneficiary of bequest money, which the Board of Directors has voted to place in an Investment Fund. The Fund is invested with Edward Jones. The account holdings consist of bond funds and mutual funds. Interest earned in this Fund is to be used for the overall benefit of the member agencies. Each year the Board of Directors directs how those funds will be spent. In 2018 and 2017, the interest was reinvested back into the Fund.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE C - INVESTMENT FUND, continued**

During the year ended December 31, 1999, the Organization transferred \$5,000 of investments to the Grand Island Community Foundation. Investment income earned on this investment will be allocated to the Organization annually. The Community Foundation investment balance was \$9,170 and \$9,863 at December 31, 2018 and 2017, respectively.

The Organization values investments in accordance with Statement of Financial Accounting Codification Standards, which requires nonprofit organizations to value their investments at current market value, recognizing both realized and unrealized gains and losses.

	December 31, 2018			December 31, 2017		
	Cost	Market Value	Unrealized Gain (Loss)	Cost	Market Value	Unrealized Gain (Loss)
Edward Jones:						
American Balanced	\$ 309,746	\$ 396,188	\$ 86,442	\$ 286,446	\$ 407,199	\$ 120,753
Capital World						
Growth and Income	46,413	43,818	( 2,595)	31,406	37,247	5,841
Small Cap World Fund	115,409	121,220	5,811	69,935	98,425	28,490
New World Fund	21,168	20,285	( 883)	-	-	-
Growth Fund of						
America	68,786	80,229	11,443	37,617	61,969	24,352
Intermediate Bond Fund	200,240	198,681	( 1,559)	126,935	125,965	( 970)
Investment Company of						
America	<u>159,337</u>	<u>153,360</u>	<u>( 5,977)</u>	<u>53,273</u>	<u>74,929</u>	<u>21,656</u>
	921,099	1,013,781	92,682	605,612	805,734	200,122
Grand Island Community						
Foundation	<u>7,386</u>	<u>9,170</u>	<u>1,784</u>	<u>7,173</u>	<u>9,863</u>	<u>2,690</u>
	<u>\$ 928,485</u>	<u>\$ 1,022,951</u>	<u>\$ 94,466</u>	<u>\$ 612,785</u>	<u>\$ 815,597</u>	<u>\$ 202,812</u>

All investments at December 31, 2018 and 2017, consist of Level 1 investments which have quoted prices in active markets for identical assets. The Organization does not hold any Level 2 (measured using significant other observable inputs) nor Level 3 (measured using significant unobservable inputs) investments.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE D - DESIGNATION OF INTEREST INCOME**

The Board has designated that the interest earned in the General Fund and Contingency Fund accounts be accumulated to be used for the purchase of office equipment, furniture, and other Board-directed expenses. Interest earned during 2018 was \$2,998 on the General Fund and \$1,043 on the Contingency Fund. Interest earned during 2017 was \$1,762 on the General Fund and \$951 on the Contingency Fund.

**NOTE E - PROMISES TO GIVE**

Unconditional promises to give at December 31, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
2019 campaign pledges receivable	\$ 797,530	\$ -
2018 campaign pledges receivable	105,484	912,755
2017 campaign pledges receivable	<u>-</u>	<u>123,363</u>
Total campaign pledges receivable	903,014	1,036,118
Less allowance for uncollectible pledges receivable	( <u>135,047</u> )	( <u>147,398</u> )
Net unconditional pledges receivable at December 31,	\$ <u>767,967</u>	\$ <u>888,720</u>

As of December 31, 2018, these pledges receivable are expected to be collected as follows:

Receivable in less than one year	\$ 767,967
Receivable between one and five years	-
Receivable after five years	<u>-</u>
Net pledges receivable at December 31, 2018	\$ <u>767,967</u>

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE F - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2018 and 2017, were available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
General allocations to agencies in 2019	\$ 67,512	\$ -
General allocations to agencies in 2018	-	161,803
Go Big Give	17,320	11,931
Disaster Relief –COAD	617	617
Toys for Tots	17,742	14,961
Adopt a Family	<u>779</u>	<u>795</u>
	<u>\$ 103,970</u>	<u>\$ 190,107</u>

There were no endowed net assets with donor restrictions as of December 31, 2018 and 2017. The Investment Fund comprises only board-designated funds.

**NOTE G - RELEASE OF DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

	<u>2018</u>	<u>2017</u>
Purpose restrictions accomplished:		
General allocations to agencies	\$ <u>472,058</u>	\$ <u>426,145</u>

**NOTE H - RETIREMENT PLAN**

In January 2001, the Organization established a 403(b) Plan, which was updated in 2011. Under the plan, the Organization contributes 4.5 percent of each qualified employee's gross income to the plan. Qualified employees are full-time employees who have completed their 90-day introductory period. The employees can also elect to contribute a portion of their salary to the plan. During the years ended December 31, 2018 and 2017, retirement expense was \$11,049 and \$9,838, respectively.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE I - OVERHEAD RATIO**

The overhead ratio is equal to fundraising, management, and general expenses divided by total campaign support and other revenue sources.

		<u>2018</u>	<u>2017</u>
A. Numerator:	Administrative expenses	\$ 105,377	\$ 101,628
	Campaign expense	148,916	144,371
	Investment expense	<u>202</u>	<u>200</u>
	Total Supporting Service expenses	<u>\$ 254,495</u>	<u>\$ 246,199</u>
B. Denominator:	Campaign Contributions	\$ 946,943	\$ 970,092
	Add: Amounts designated for specific agencies	1,029,589	1,038,084
	Prior year campaign contributions	23,924	22,950
	Other revenue sources	<u>115,322</u>	<u>88,807</u>
		<u>\$ 2,115,778</u>	<u>\$ 2,119,933</u>
	Overhead Ratio (A÷B)	<u>12.0%</u>	<u>11.6%</u>

Overhead Ratio by Expense Category:

Administrative expense	5.0%	4.8%
Campaign expense	7.0	6.8
Investment expense	<u>-</u>	<u>-</u>
	<u>12.0%</u>	<u>11.6%</u>

**NOTE J – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances at several financial institutions located in Grand Island, Nebraska. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

At December 31, 2018 and 2017, all bank deposits were fully collateralized by FDIC insurance and surety bond coverage.

**HEARTLAND UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**December 31, 2018 and 2017**

**NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure are as follows as of December 31, 2018:

Total assets at year-end	\$ 2,944,630
Less non-financial assets	
Prepaid expenses	( 32,195)
Net property and equipment	( 58,303)
Financial assets	2,854,132
Less financial assets unavailable for general expenditures within one year:	
Assets held for allocations to agencies	(1,586,816)
Assets held for contingencies	( 544,793)
Board designated investment funds	( 626,763)
Financial assets available for general expenditures within one year	\$ <u>95,760</u>

As part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet three months of normal operating expense, which would be approximately \$107,000 based on the actual expenditures for the year ending December 31, 2018.

**NOTE L – COST ALLOCATION**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates expenses based on annual budget allocations approved by the Board.

**NOTE M – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 27, 2019, the date on which the financial statements were available for issue.

## **SUPPLEMENTAL INFORMATION**

**HEARTLAND UNITED WAY, INC.**  
**DISTRIBUTION OF CAMPAIGN FUNDS**

	Budgeted for the Year Ending <u>December 31, 2019</u>		Actual Distribution For The Year Ended <u>December 31, 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
CONTRIBUTIONS RECEIVED/PLEDGED	\$ 2,041,091	100.0 %	\$ 2,078,664	100.0 %
Allowance for uncollectible pledges	(64,559)	(3.2)	(70,488)	(3.4)
Administration, volunteer engagement and fundraising	(187,951)	(9.2)	(187,609)	(9.0)
Campaign expenses - car give-away	(40,780)	(2.0)	(39,793)	(1.9)
Community impact and community investment process	(114,726)	(5.6)	(114,726)	(5.5)
Designations - United Way agencies	(285,470)	(14.0)	(365,679)	(17.6)
Designations - Go Big Give	(676,066)	(33.1)	(609,619)	(29.3)
Designations - Non-United Way agencies	(49,549)	(2.5)	(44,542)	(2.2)
Designations - Paid directly to agencies	(18,504)	(0.9)	(18,245)	(0.9)
Designations - Combined federal campaign	(4,986)	(0.2)	(5,963)	(0.3)
<b>AVAILABLE FOR DISTRIBUTION</b>	<u>\$ 598,500</u>	<u>29.3 %</u>	<u>\$ 622,000</u>	<u>29.9 %</u>
PARTNER AGENCY ALLOCATIONS THROUGH COMMUNITY INVESTMENT DISTRIBUTION				
Partner Agencies:				
Adult Education	\$ 24,000	1.2 %	\$ 25,000	1.2 %
American Red Cross - Central Plains	15,000	0.7	-	-
Big Brothers/Big Sisters	60,000	2.9	62,000	3.0
Boy Scouts of America - Overland Trails Council	57,000	2.8	60,000	2.9
Boys Town	6,000	0.3	8,000	0.4
Central Nebraska Council on Alcoholism	70,000	3.4	73,000	3.5
Crisis Center	6,500	0.3	20,000	1.0
Girl Scouts - Spirit of Nebraska	12,000	0.6	13,000	0.6
Heartland CASA	31,000	1.5	38,000	1.8
Hope Harbor	87,000	4.3	92,000	4.4
Legal Aid	7,500	0.4	7,500	0.4
Literacy Council	10,000	0.5	20,000	1.0
Lutheran Family Services	43,000	2.1	48,000	2.3
Multicultural Coalition	34,500	1.7	35,500	1.7
TeamMates of Grand Island	5,000	0.2	5,000	0.2
Third City Community Clinic	48,000	2.4	38,000	1.8
YMCA	33,000	1.6	15,000	0.7
YWCA	17,000	0.8	32,000	1.5
Community programs and services: Area counties and schools	<u>32,000</u>	<u>1.6</u>	<u>30,000</u>	<u>1.5</u>
<b>TOTAL</b>	<u>\$ 598,500</u>	<u>29.3 %</u>	<u>\$ 622,000</u>	<u>29.9 %</u>