

GREATER GALLATIN UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2018 and 2017



AMATICS
CPA GROUP

**GREATER GALLATIN UNITED WAY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Gallatin United Way, Inc.
Bozeman, MT

We have audited the accompanying financial statements of Greater Gallatin United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audit 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 auditors' 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Gallatin United Way, Inc., as of June 30, 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.

Amatics CPA Group
Bozeman, Montana
September 27, 2018



**GREATER GALLATIN UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30	
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 50,339	\$ 200,648
Investments	250,505	365,914
Grants receivable	77,097	130,533
Pledges receivable, net of uncollectible allowance of \$22,000	168,992	194,266
	546,933	891,361
OTHER ASSETS		
Endowment investments	483,221	445,278
Beneficial interest in agency endowment	44,829	44,030
Prepays and deposits	9,259	11,823
	537,309	501,131
Total assets	\$ 1,084,242	\$ 1,392,492

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued liabilities	\$ 112,001	\$ 123,822
Accrued compensated absences	20,997	15,808
Accrued allocations	340,500	337,000
Accrued designations	1,355	15,664
	474,853	492,294
NET ASSETS		
Unrestricted:		
Unrestricted	6,339	186,200
Designated - kidsLINK	-	8,968
Designated - MTAA	-	38,191
Temporarily restricted	319,901	383,690
Permanently restricted	283,149	283,149
	609,389	900,198
Total liabilities and net assets	\$ 1,084,242	\$ 1,392,492

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
SUPPORT				
Contributions	\$ 576,060	\$ 60,000	\$ -	\$ 636,060
Grants	293,495	-	-	293,495
Less: uncollected pledges	(14,347)	-	-	(14,347)
Special events, net of \$32,673 in expenses	287	-	-	287
Less: designations	(3,550)	-	-	(3,550)
Total support	851,945	60,000	-	911,945
REVENUE				
kidsLINK parent fees	504,428	-	-	504,428
Other income	225	-	-	225
Proceeds from Montana Community Foundation	14,157	-	-	14,157
Change in FMV of beneficial interest in agency endowment	-	799	-	799
In-kind donations	28,459	-	-	28,459
Interest and dividend income	10,940	14,129	-	25,069
Net investment income	18,230	23,814	-	42,044
Total revenue	576,439	38,742	-	615,181
SATISFACTION OF PROGRAM RESTRICTIONS				
	162,531	(162,531)	-	-
TOTAL SUPPORT, REVENUE, AND SATISFACTION OF RESTRICTIONS				
	1,590,915	(63,789)	-	1,527,126
EXPENSES				
Allocations	503,769	-	-	503,769
Fiscal sponsorship funds transfer	52,839	-	-	52,839
Functional expenses				
Program	1,009,903	-	-	1,009,903
Fundraising	152,104	-	-	152,104
Management	99,320	-	-	99,320
Total expenses	1,817,935	-	-	1,817,935
CHANGE IN NET ASSETS				
	(227,020)	(63,789)	-	(290,809)
Net assets at beginning of year	233,359	383,690	283,149	900,198
NET ASSETS AT END OF YEAR	\$ 6,339	\$ 319,901	\$ 283,149	\$ 609,389

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
SUPPORT				
Contributions	\$ 640,181	\$ 185,357	\$ -	\$ 825,538
Grants	342,636	-	-	342,636
Less: uncollected pledges	(21,521)	-	-	(21,521)
Special events, net of \$25,539 in expenses	(5,457)	-	-	(5,457)
Less: designations	<u>(15,664)</u>	<u>-</u>	<u>-</u>	<u>(15,664)</u>
Total support	<u>940,175</u>	<u>185,357</u>	<u>-</u>	<u>1,125,532</u>
REVENUE				
kidsLINK parent fees	590,842	-	-	590,842
Global language fees	408	-	-	408
Proceeds from Montana Community Foundation	14,217	-	-	14,217
Change in FMV of beneficial interest in agency endowment	-	800	-	800
In-kind donations	36,385	-	-	36,385
Interest and dividend income	12,608	13,713	-	26,321
Net investment loss	<u>27,453</u>	<u>32,175</u>	<u>-</u>	<u>59,628</u>
Total revenue	<u>681,913</u>	<u>46,688</u>	<u>-</u>	<u>728,601</u>
SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>325,254</u>	<u>(325,254)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND SATISFACTION OF RESTRICTIONS				
	<u>1,947,342</u>	<u>(93,209)</u>	<u>-</u>	<u>1,854,133</u>
EXPENSES				
Allocations	463,736	-	-	463,736
Functional expenses				
Program	1,106,998	-	-	1,106,998
Fundraising	153,990	-	-	153,990
Management	<u>113,237</u>	<u>-</u>	<u>-</u>	<u>113,237</u>
Total expenses	<u>1,837,961</u>	<u>-</u>	<u>-</u>	<u>1,837,961</u>
CHANGE IN NET ASSETS				
	109,381	(93,209)	-	16,172
Net assets at beginning of year	<u>123,978</u>	<u>476,899</u>	<u>283,149</u>	<u>884,026</u>
NET ASSETS AT END OF YEAR	<u>\$ 233,359</u>	<u>\$ 383,690</u>	<u>\$ 283,149</u>	<u>\$ 900,198</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Programs				Fundraising	Management	Total Expenses
	Montana Afterschool Alliance	kidsLINK Program	Community Support	Total Programs			
Bank charges	\$ -	\$ 15,172	\$ -	\$ 15,172	\$ 2,905	\$ 985	\$ 19,062
Contract services	15,000	49,475	40,121	104,596	9,458	9,229	123,283
Curriculum	-	10,013	34	10,047	83	-	10,130
Fair share	612	1,318	1,519	3,449	4,903	775	9,127
Insurance	200	965	1,055	2,220	663	331	3,214
Investment fees	-	-	-	-	-	1,519	1,519
KidsLINK program expense	-	492,389	-	492,389	-	-	492,389
Marketing	869	545	171	1,585	17,254	507	19,346
Meetings	113	750	5,476	6,339	328	2,089	8,756
Professional development	4,662	20,143	1,005	25,810	2,646	1,749	30,205
Rent and utilities	-	13,997	15,309	29,306	9,623	4,811	43,740
Personnel costs	1,132	147,103	139,962	288,197	67,382	64,940	420,519
Postage	-	135	80	215	1,417	284	1,916
Supplies	148	9,381	2,670	12,199	648	8,604	21,451
Technology and maintenance	20	10,923	870	11,813	34,095	3,120	49,028
Travel and training	<u>2,534</u>	<u>1,355</u>	<u>2,677</u>	<u>6,566</u>	<u>699</u>	<u>377</u>	<u>7,642</u>
	<u>\$ 25,290</u>	<u>\$ 773,664</u>	<u>\$ 210,949</u>	<u>\$ 1,009,903</u>	<u>\$ 152,104</u>	<u>\$ 99,320</u>	<u>\$ 1,261,327</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017

	<u>Programs</u>				<u>Fundraising</u>	<u>Management</u>	<u>Total Expenses</u>
	<u>Montana Afterschool Alliance</u>	<u>kidsLINK Program</u>	<u>Community Support</u>	<u>Total Programs</u>			
Bank charges	\$ 5	\$ 14,128	\$ 10	\$ 14,143	\$ 2,927	\$ 1,349	\$ 18,419
Contract services	40,429	55,198	31,304	126,931	6,026	13,551	146,508
Curriculum	-	1,435	425	1,860	297	148	2,305
Fair share	759	6,628	894	8,281	3,215	603	12,099
Insurance	800	1,771	1,408	3,979	666	396	5,041
Investment fees	-	-	-	-	-	2,114	2,114
KidsLINK program expense	-	469,051	-	469,051	-	-	469,051
Marketing	183	2,572	23	2,778	69,299	4,582	76,659
Meetings	1,708	1,609	1,182	4,499	39	4,080	8,618
Professional development	155	22,197	19,265	41,617	1,017	778	43,412
Rent and utilities	2,969	15,658	12,179	30,806	6,334	4,152	41,292
Personnel costs	21,191	140,365	141,126	302,682	58,557	72,686	433,925
Postage	-	1,037	-	1,037	1,016	247	2,300
Supplies	718	49,064	1,479	51,261	509	8,031	59,801
Technology and maintenance	585	19,428	4,662	24,675	2,099	285	27,059
Travel and training	<u>11,842</u>	<u>3,455</u>	<u>8,101</u>	<u>23,398</u>	<u>1,989</u>	<u>235</u>	<u>25,622</u>
	<u>\$ 81,344</u>	<u>\$ 803,596</u>	<u>\$ 222,058</u>	<u>\$ 1,106,998</u>	<u>\$ 153,990</u>	<u>\$ 113,237</u>	<u>\$ 1,374,225</u>

See notes to financial statements.

**GREATER GALLATIN UNITED WAY, INC.
STATEMENTS OF CASH FLOWS**

	Years ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (290,809)	\$ 16,172
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized gain on investments	(21,228)	(44,602)
Reinvested earnings	(18,347)	(17,448)
Donated stock	(9,677)	(6,662)
Change in beneficial interest in agency endowment	(799)	(800)
(Increase) decrease in current assets:		
Grants receivable	53,436	(59,402)
Pledges receivable	25,274	98,133
Prepays and deposits	2,564	(7,698)
Increase (decrease) in current liabilities:		
Accrued liabilities	(11,821)	54,558
Accrued compensated absences	5,189	2,650
Accrued allocations	3,500	(98,000)
Accrued designations	<u>(14,309)</u>	<u>11,063</u>
Net cash used by operating activities	<u>(277,027)</u>	<u>(52,036)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Net proceeds from (purchases of) investments	<u>126,717</u>	<u>(19,357)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(150,310)	(71,393)
Cash and cash equivalents at beginning of year	<u>200,648</u>	<u>272,041</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 50,338</u>	<u>\$ 200,648</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations:

Greater Gallatin United Way, Inc. (the Organization) is a nonprofit agency organized to identify and prioritize human service issues; to garner and distribute resources to make an impact on those issues. *Greater Gallatin United Way fights for the health, education, and financial stability of every person in the greater Gallatin community.* The Organization takes a collective approach to community problem solving and serves people in Park, Madison, Meagher and Gallatin County, Montana. The Agency was incorporated with the State of Montana on December 19, 1978. The governing board consists of an elected board chair, and elected members of the board of directors. The Organization is supported primarily through contributions from an annual campaign, as well as grant funds.

Program Services

ONE Organization, UNITED Effort, GREAT Results

Greater Gallatin United Way (GGUW) is local, well-governed by volunteers, and has been an essential and vibrant supporter of the community. *Greater Gallatin United Way fights for the health, education, and financial stability of every person in the greater Gallatin community.* GGUW is a community leader in collective impact-driven work. To achieve our mission, we...

- identify priority community issues around **Health, Education and Income**
- utilize a strategic plan that directs GGUW to listen to the community and to provide leadership when warranted
- secure resources through an annual fundraising campaign, grant writing, utilizing existing community assets and developing innovative partnerships
- convene individuals, businesses, nonprofits and government to work collectively targeting root causes
- provide essential funding through our Community Investment/Impact process to vetted partner programs, ensuring donors that their dollars are wisely invested to make the most impact
- mobilize community members, businesses and their workforce to get involved by giving, advocating and/or volunteering

As a centralized philanthropy, we believe that real long-term change is best generated by a **united** effort, working collectively through a common agenda. When nonprofits are equipped to effectively collaborate, duplication is reduced and each partner's contribution multiplies to deliver greater results for the community.

Greater Gallatin United Way works on tough issues because...

- - Poverty is not a distant issue. It exists right here.
- - Mental illness is not a distant issue. It exists right here.
- - Illiteracy is not a distant issue. It exists right here.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

No one organization alone in isolation can solve complex community problems. The only way we can create real, lasting change is by working together through Collective Impact. Collective Impact requires that everyone work together in partnership – businesses, cities, government, schools, faith communities, foundations, and non-profit organizations – to tackle our most pressing challenges and develop lasting solutions.

Greater Gallatin United Way focuses on 4 Community Impact Areas:

- I. Basic Needs - Ensuring basic needs are met
- II. Children and Youth Success – Ensuring all children have the opportunity to reach their full potential
- III. Senior Stability – Promoting healthy aging
- IV. Mental Well-Being – Ensuring every individual realizes his or her own potential and can contribute to the community

Our strategies to ensure Basic Needs are met:

- - End homelessness and advance affordable housing options (U.S. Government defines affordable housing as housing that consumes 30% or less of a household's income)
- - Eliminate food insecurity
- - Access to affordable health care
- - Promote 2-1-1 / Suicide and Crisis Hotline + resource coordination and access to resources

Our strategies for Children and Youth Success:

- - Early literacy; children entering kindergarten ready learn
- - Grade level reading by 3rd grade (a key measure of a child's academic success, and a strong predictor of high school graduation)
- - Access to quality affordable early child care, 0-5 years (Child care is considered affordable if it is less than 10% of total income)
- - Access to quality affordable out-of-school-time care / summer programming, 5+ years

Our strategies for Senior Stability:

- - Enhance senior mental and physical well-being
- - Help seniors remain independent as long as possible
- - Promote end-of-life education and support for seniors and care givers

Our strategies around Mental Health and Well-Being:

- - Community outreach, education and awareness about mental health, mental well-being and mental illness
- - Combat human trafficking and abuse and support for survivors
- - Quality professional development for care providers
- - Access to mental health resources and services

We believe that no problem is so big that we can't solve it together, but it takes all of us: fundraisers, hand-raisers, change-makers, partners, and each of our donors to create lasting change through advocacy, fundraising, and volunteerism.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GGUW Program Services Successes

- **Community Investment/Impact** - Funds raised in GGUW's annual fundraising campaign are invested, "Community Investment/Impact", into over 60 local partner programs aimed at combating poverty and supporting education and health initiatives. Centralized fundraising benefits our community by allowing donors to easily support multiple well-vetted organizations with one donation; providing local organizations an efficient method to access community dollars through an open and stringent grant process; and, mobilizing businesses, their workforce and community members to get involved. The community participates at all levels through giving, advocating, and volunteering.

- **kidsLINK Afterschool** – A GGUW initiative that was established in 1997 in response to an identified need in our rural communities; to keep children safe while their parents finished their work day. Today, in concert with school districts, this school-based/linked program operates in 29 locations across 4 counties and serves over 1,600 children daily. The program is a fun, safe environment for K-8th graders that provides rich opportunities for learning, personal growth, and building relationships. With autonomy provided so that each school or district may use their community or neighborhood assets, the overall initiative objectives are to support working families, enhance children’s emotional/social well-being, improve children’s physical well-being, supplement children’s academic success, and spark their interest in learning through varied enrichment activities offered through the program. kidsLINK Afterschool is the result of partnerships with school districts, MSU, libraries, Gallatin County 4-H and other local organizations and businesses.

- **Montana Afterschool Alliance (MTAA)** - Over 10 years ago, GGUW was selected to spearhead a statewide initiative for out-of-school time programming. From 2014-2017 GGUW was the fiscal sponsor for MTAA, which is an established statewide network of key stakeholders who champion for the success of all out-of-school time programs in Montana. Three goals of the alliance are to improve quality, increase access, and increase sustainability of out-of-school-time programs in Montana. MTAA was awarded a 3-year grant on October 1st, 2014 from the C.S. Mott Foundation, with matching funds from other entities. On October 1, 2017, GGUW completed its three year term as the start-up fiscal agent and was pleased to pass the fiscal sponsorship role to Rural Dynamics Incorporated.

- **Gallatin Early Childhood Community Council (ECCC) and Project LAUNCH Initiative** - GGUW serves as the convener and fiscal agent for ECCC, which is a community-wide collaborative effort providing leadership to community partners with the goal of creating an efficient, effective and comprehensive system of early childhood services in the Greater Gallatin area to ensure that every child has a healthy and enriched beginning. Currently, GGUW and ECCC are partners in Montana Project LAUNCH Initiative (MT-PLI), an \$800,000 per year, 5-year federal SAMSHA grant received by Montana Department of Public Health and Human Services (DPHHS) in September 2014. The objective is to engage Montana’s early childhood partners to improve systems and access to mental health services for young children and families in our rural state while piloting evidence-based practices in Gallatin and Park Counties.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GGUW Program Services Successes (Continued)

- **Volunteer Connections / Volunteermt.org** - This GGUW initiative is to build volunteer engagement by providing a central resource for non-profit organizations to share quality volunteer opportunities with community members. The goals are to build the capacity for local volunteering, raise awareness of the value volunteers bring to our communities, and to mobilize volunteers to effectively and efficiently meet local needs.

- **Other program services include** – The Resilience Project - promoting awareness and support for trauma informed practices and resilience building in our community; with emphasis on youth, their families, and support network; FamilyWize - a drug discount program for those without prescription plans; the Mammogram Project with partners Bozeman Health and Advanced Medical Imaging, that pays for diagnostic and screening mammograms for women who cannot afford them; and other projects that fulfill the Organization’s mission to improve lives through mobilizing the caring power of our local communities.

To learn more, visit www.greatergallatinunitedway.org.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recorded when received, unless susceptible to accrual, and expenses are recognized when incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program restrictions. Restricted revenue is reported as unrestricted if the restrictions are met in the reporting period.

Permanently restricted net assets - Net assets subject to donor imposed stipulations require that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and therefore, has made no provision for income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). The Organization's tax returns are open for examination by taxing authorities, generally, for three years after the due date of the return or the date the return was filed, whichever is later.

Cash and Cash Equivalents:

For purposes of the cash flow statement, cash and cash equivalents includes amounts held in checking and savings accounts as well as certificates of deposit with an original maturity of three months or less. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor.

Donated Services, Materials, and Facilities:

The financial statements of the Organization reflect in-kind donations as revenues in the period received and as assets, expenses, or decreases of liabilities depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as an increase in temporarily restricted net assets.

Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions and Pledges Receivable:

Pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets upon satisfaction of restrictions. The Organization uses an allowance method to estimate uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. All campaign pledges receivable are expected to be received within one year from the end of the campaign year. Receivables still outstanding after that period are written off one year after the campaign year has ended.

Property and Equipment:

Property and equipment are recorded at their historical cost, or if donated, at the estimated fair market values at the date of donation based on independent appraisals. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets purchased with a useful life of more than one year and purchase price greater than \$2,500. Property and equipment is depreciated using the straight-line method over their estimated useful lives.

Compensated Absences:

The Organization accrues annual leave based upon the employees anniversary date. An employee which separates from the Organization is paid for all granted and unused annual leave.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

Investments at Northfork Financial, LLC in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

2. CONCENTRATION OF CREDIT RISK

The Organization receives a significant portion of its annual revenue from several local entities. If the funds from those groups were not provided it would adversely affect the operations of the Organization. However, the Organization does not feel the support will be withheld based on the positive ongoing relationships.

3. INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

3. INVESTMENTS (Continued)

Components of investment and interest income for the years ended June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 25,069	\$ 26,321
Unrealized gains	21,228	44,602
Realized gains	<u>20,816</u>	<u>15,026</u>
	<u>\$ 67,113</u>	<u>\$ 85,949</u>

Cost and fair market value of investments as of June 30, 2018 are as follows:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
Marketable securities - Operating:			
Bank insured deposit	\$ 4,004	\$ -	\$ 4,004
Mutual bond funds	82,030	(1,527)	80,503
Mutual large value equity funds	42,195	8,014	50,209
Mutual medium blend funds	5,808	1,569	7,377
Mutual small blend funds	8,042	2,091	10,133
Mutual large blend funds	38,675	10,659	49,334
Publicly traded stocks	<u>2,000</u>	<u>(26)</u>	<u>1,974</u>
	<u>182,754</u>	<u>20,780</u>	<u>203,534</u>
Marketable securities - Legacy Fund:			
Bank insured deposit	59	-	59
Mutual bond funds	10,659	(326)	10,333
Mutual large value equity funds	14,589	2,781	17,370
Mutual medium blend funds	1,550	397	1,947
Mutual small blend funds	3,000	745	3,745
Mutual large blend funds	<u>10,726</u>	<u>2,791</u>	<u>13,517</u>
	<u>40,583</u>	<u>6,388</u>	<u>46,971</u>
Marketable securities - Endowment:			
Bank insured deposit	513	-	513
Mutual bond funds	130,667	(2,275)	128,392
Mutual large value equity funds	132,585	24,745	157,330
Mutual medium blend funds	11,508	3,057	14,565
Mutual small blend funds	43,053	8,294	51,347
Mutual large blend funds	<u>103,121</u>	<u>27,953</u>	<u>131,074</u>
	<u>421,447</u>	<u>61,774</u>	<u>483,221</u>
Total Level 1 marketable securities	<u>\$ 644,784</u>	<u>\$ 88,942</u>	<u>\$ 733,726</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

3. INVESTMENTS (Continued)

Cost and fair market value of investments as of June 30, 2017 are as follows:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
Marketable securities - Operating:			
Bank insured deposit	\$ 56,172	\$ -	\$ 56,172
Mutual bond funds	92,931	1,017	93,948
Mutual large value equity funds	64,532	6,691	71,223
Mutual medium blend funds	7,332	1,657	8,989
Mutual small blend funds	14,616	2,548	17,164
Mutual large blend funds	<u>65,616</u>	<u>9,609</u>	<u>75,225</u>
	<u>301,199</u>	<u>21,522</u>	<u>322,721</u>
Marketable securities - Legacy Fund:			
Bank insured deposit	163	-	163
Mutual bond funds	10,546	(83)	10,463
Mutual large value equity funds	14,080	1,657	15,737
Mutual medium blend funds	1,478	312	1,790
Mutual small blend funds	2,771	452	3,223
Mutual large blend funds	<u>10,415</u>	<u>1,402</u>	<u>11,817</u>
	<u>39,453</u>	<u>3,740</u>	<u>43,193</u>
Marketable securities - Endowment:			
Bank insured deposit	2,209	-	2,209
Mutual bond funds	128,113	833	128,946
Mutual large value equity funds	127,904	14,029	141,933
Mutual medium blend funds	10,966	2,427	13,393
Mutual small blend funds	39,925	4,260	44,185
Mutual large blend funds	<u>100,238</u>	<u>14,374</u>	<u>114,612</u>
	<u>409,355</u>	<u>35,923</u>	<u>445,278</u>
Total Level 1 marketable securities	<u>\$ 750,007</u>	<u>\$ 61,185</u>	<u>\$ 811,192</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

4. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During the years ended June 30, 2018 and 2017, fees paid for management of endowment funds were \$1,519 and \$2,114, respectively.

Interpretation of Relevant Law

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

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of MUPMIFA requires the Organization to retain as a fund of perpetual direction. As of June 30, 2018 and 2017, the endowment fund had no such deficiency.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations 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(s).

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

4. ENDOWMENT (Continued)

The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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 including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment and Investment Committee shall review the fiscal year end account statements and returns of the endowment account and may transfer, to the general operating account, so much of the net income, but not more than five percent (5%) of the total portfolio balance of the account as valued on the last business day of the fiscal year, as they deem necessary and appropriate. Income shall be defined as dividends from stocks and interest from bond funds. In addition, the Board may set aside and transfer to the general operating account or can designate for a project so much of the net appreciation, realized and unrealized, in fair market value of the assets of the endowment funds over historic value. The historic value is the value of all gifts and transfer to the fund as of the date of such transfer. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to preserve the fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2018:				
Donor-restricted endowment funds \$	-	\$ 235,323	\$ 247,898	\$ 483,221
Beneficial interest in agency endowment	-	9,578	35,251	44,829
	<u>\$ -</u>	<u>\$ 244,901</u>	<u>\$ 283,149</u>	<u>\$ 528,050</u>
June 30, 2017:				
Donor-restricted endowment funds \$	-	\$ 197,380	\$ 247,898	\$ 445,278
Beneficial interest in agency endowment	-	8,779	35,251	44,030
	<u>\$ -</u>	<u>\$ 206,159</u>	<u>\$ 283,149</u>	<u>\$ 489,308</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

4. ENDOWMENT (Continued)

Endowment activity by net asset class is as follows for the years ended June 30, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ -	\$ 159,471	\$ 283,149	\$ 442,620
2017 investment return:				
Change in FMV of beneficial interest in agency endowment	-	800	-	800
Interest and dividend income	-	13,713	-	13,713
Net investment income (loss)	-	32,175	-	32,175
Endowment net assets, June 30, 2017	-	206,159	283,149	489,308
2018 investment return:				
Change in FMV of beneficial interest in agency endowment	-	799	-	799
Interest and dividend income	-	14,129	-	14,129
Net investment income (loss)	-	23,814	-	23,814
Endowment net assets, June 30, 2018	\$ -	\$ 244,901	\$ 283,149	\$ 528,050

The beneficial interest in agency endowment (agency fund) is held at the Montana Community Foundation (the Foundation). The agency fund is comprised of funds contributed by the Organization to the Foundation. This fund is reflected on the accompanying financial statements as an asset and related earnings are included in revenue. The amount held by the Montana Community Foundation in the agency fund as of June 30, 2018 and 2017 was \$44,829 and \$44,030, respectively.

The Organization has additional endowments held by the Foundation in a donor advised fund. The donor advised fund is comprised of contributions from third-party donors to the Foundation. This fund does not qualify to be recorded on the Organization's Statement of Financial Position. However, earnings from this fund are reported on the statement of activities. The amount held by the Montana Community Foundation in the donor advised fund as of June 30, 2018 and 2017 was \$324,281 and \$317,863, respectively.

5. LEASES

The Organization leases office space under a five-year agreement ending June 30, 2019. The monthly lease obligation for the fiscal year ended June 30, 2018 was \$2,819. The future noncancellable lease payments are \$35,890 for the year ending June 30, 2019.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

6. DONATED SERVICES, MATERIALS, AND FACILITIES

The fair value of donated services and goods included as contributions in the financial statements for the year ended June 30, 2018, are as follows:

	<u>kidsLINK Program</u>	<u>Community Support</u>	<u>Fundraising</u>	<u>Management</u>
Contract services	\$ 9,533	\$ 1,300	\$ -	\$ 1,500
Marketing	-	-	7,000	-
Meetings	-	4,350	-	-
Special events	-	-	300	-
Supplies	-	-	-	2,500
Technology and maintenance	-	-	-	1,976
	<u>\$ 9,533</u>	<u>\$ 5,650</u>	<u>\$ 7,300</u>	<u>\$ 5,976</u>

The fair value of donated services and goods included as contributions in the financial statements for the year ended June 30, 2017, are as follows:

	<u>kidsLINK Program</u>	<u>Community Support</u>	<u>Fundraising</u>	<u>Management</u>
Contract services	\$ 300	\$ -	\$ -	\$ 1,000
Marketing	-	-	30,542	-
Meetings	-	-	-	2,200
Supplies	200	-	-	2,074
Travel	-	69	-	-
	<u>\$ 500</u>	<u>\$ 69</u>	<u>\$ 30,542</u>	<u>\$ 5,274</u>

7. RESTRICTIONS ON NET ASSETS

The Organization's Board of Directors may choose to place limitations on a portion of the unrestricted net assets. Temporarily restricted net assets is comprised of the following as of June 30:

	<u>2018</u>	<u>2017</u>
kidsLINK	\$ 15,000	\$ 30,000
C.S. Mott Foundation - Montana Afterschool Alliance	-	36,621
ECCC	10,000	20,000
Yellowstone Boys & Girls Ranch	-	910
Gilhousen Family Foundation	50,000	90,000
Unreleased agency endowment earnings	9,578	8,779
Unreleased endowment investment earnings	<u>235,323</u>	<u>197,380</u>
	<u>\$ 319,901</u>	<u>\$ 383,690</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

8. OVERHEAD RATIO

The following overhead (fundraising) ratio is equal to fundraising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the net method recommended in functional expenses and overhead reporting guidelines for United Ways, United Way of America, 2003.

	2018	2017
Numerator: Fundraising and management expense, including payments to affiliates	\$ <u>251,424</u>	\$ <u>267,227</u>
Denominator: Total support and revenue, excluding in-kind donations and unrealized gains (losses) on investments	\$ 1,477,439	\$ 1,773,146
Add: Designations	<u>3,550</u>	<u>15,664</u>
	\$ <u>1,480,989</u>	\$ <u>1,788,810</u>
Numerator/denominator expressed as a percentage	<u>17.0</u> %	<u>14.9</u> %

9. RETIREMENT PLAN

In January 2004, with revisions in 2015, the Organization adopted an employer invested Savings Incentive Match Plan for Employees (SIMPLE) retirement plan with eligibility beginning the 1st day of the month following employment (amended 1/15/15). This plan was incorporated into the fully revised and updated GGUW Personnel Policy and Procedures Manual which was approved by the GGUW BOD on April 6, 2017. Full-time employees are eligible to participate in the plan pursuant to the terms of the plan. The employer contribution is a dollar for dollar match of the employee's salary deferral, up to 3% of compensation. The 3% employer match can be reduced to no less than 1% for two out of five years. Notification of the reduction must be given to the employees. The employer cannot contribute more than what is outlined above. Participants may direct their investments among the funds offered by the plan. During the years ended June 30, 2018 and 2017, the Organization made a matching contribution of \$7,818 and \$9,183, respectively, to the SIMPLE plan.

10. GRANTS

21st Century Community Learning Centers Grant

During the years ending June 30, 2018 and 2017, the Organization received a grant of \$92,427 and \$93,534, respectively, from the Montana Office of Public Instruction to fund staff and support for kidsLINK Afterschool, in partnership with Bozeman School District #7. The Organization received similar grant awards during the years ending June 30, 2018 and 2017, in the amount of \$115,874 and \$115,874, respectively, to fund staff and support for kidsLINK Afterschool, in partnership with Belgrade Public Schools District. The awards are expense reimbursement grants and all funds were claimed in 2016-17 for Bozeman and in 2017-18. \$98,501 of funding was claimed for Belgrade in 2016-17, (not the full amount) due to the need to expend local dollars first before these grant funds. \$115,874 was claimed for Belgrade in 2017-2018.

Dairy Keep Project

During the year ending June 30, 2017, the Organization received a grant award in the amount of \$7,000, to support the renovation of the Belgrade Middle School's kidsLINK Afterschool. The funding was spent in accordance with the grant award. There was no award for the year ending June 30, 2018.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

10. GRANTS (Continued)

First Security Bank Foundation

During the year ending June 30, 2017, the Organization received a grant award in the amount of \$15,000, to support kidsLINK Afterschool programs' direct costs in rural communities in which First Security Bank has a branch. The funding was spent in accordance with the grant award. There was no award for the year ending June 30, 2018.

Gilhousen Family Foundation

During the years ending June 30, 2018 and 2017, the Organization received grants of \$30,000 from the Gilhousen Family Foundation for kidsLINK Afterschool, the afterschool program initiative. The funds were expended for direct program expenses, in accordance with the grant each year. Each year the grant award funds were disbursed as a \$20,000 payment with the remaining \$10,000 requiring a 1:1 match. The match was made each year and the final \$10,000 grant payment was received.

During the years ending June 30, 2018 and 2017, the Organization received a grant for \$50,000 and \$90,000, respectively, with a stated purpose to use the funds to support the administrative overhead expenses for the 2018-2019 and 2017-2018 fiscal years, so other donors' contributions could support the program services of Greater Gallatin United Way. Those funds are being held for and/or were expended in accordance with their contribution.

LAUNCH (Linking Actions with Unmet Needs of Children's Health)

During the years ending June 30, 2018 and 2017, the Organization received funding from the MT Department of Public Health and Human Safety – through the Gallatin City-County Health Department (acting as local fiscal agent) in the amount of \$27,998 for Project LAUNCH work + \$10,000 for ECCC + \$5,453 for kidsLINK Afterschool and \$114,954 in 2017 (of which \$40,751 was for trainings and other costs spent with LAUNCH carryover funding) for the purpose of supporting staff (Young Child Wellness Coordinator), providing community trainings, and other costs associated with convening and facilitating the LAUNCH Project in Gallatin and Park Counties. This project aims to indentify and support the social-emotional/mental health needs of young children (0-8 year olds) and their families through a systems-approach over a 5-year period. Grant funds are federal (from SAMHSA – Substance Abuse and Mental Health Services Administration) and are expense reimbursable. Allowable expenses for the Organization were claimed and reimbursed in accordance with the grant award.

Montana Department of Public Health and Human Services

During the years ending June 30, 2018 and 2017, the Organization received Montana Children's Trust Fund grant awards for \$25,000 per year from the Montana Department of Public Health and Human Services (DPHHS) for the Organization's Gallatin Early Childhood Community Council initiative. The awards were expense reimbursement grants and all funds were claimed in accordance with the grant award.

During the years ending June 30, 2018 and 2017, the Organization received Montana Preschool Development Grant award funding from DPHHS in the amounts of \$10,000 (for calendar years 2018 and 2017) for the Organization's Gallatin Early Childhood Community Council initiative. The awards were expense reimbursement grants. In FY 17-18, \$10,178 was claimed and in FY 16-17, \$10,146 was claimed in accordance with the grant award. The remaining portion will be spent in FY 18-19.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

10. GRANTS (Continued)

Mountain Sky Guest Ranch Fund (affiliate of the Arthur M. Blank Family Foundation)

During the years ending June 30, 2018 and 2017, the Organization received a grant award totaling \$30,000 (\$15,000 per year), to support kidsLINK Afterschool program direct costs. The funds were expended in accordance with the grant awards.

During the year ending June 30, 2018, the Organization received \$20,000 from MSGRF for the Early Childhood Community Council - \$10,000 to support the ECCC Coordinator's position (salary and benefits) and \$10,000 for ECCC trainings, ACES, Resilience, and special events.

Yellowstone Club Community Foundation

During the years ending June 30, 2018 and 2017, the Organization received grant awards in the amount of \$11,000 and \$11,000, respectively, from the Yellowstone Club Community Foundation for kidsLINK Afterschool, restricted for Ophir School in Big Sky. The former grant has been expended in accordance with the grant and \$8,000 of the latter will be expended in the current school year (2018-2019) for which it is designated.

11. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through September 27, 2018, the date on which the financial statements were available to be issued.