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UNITED WAY OF GREATER McHENRY COUNTY, INC.

Annual Financial Report
For the Years Ended June 30, 2017 & 2016

UNITED WAY OF GREATER McHENRY COUNTY, INC.

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Years Ended June 30, 2017 & 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Greater McHenry County, Inc.
McHenry, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Greater McHenry County, Inc. (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, statement of allocations to social service agencies, statement of functional expenses, and statement of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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.

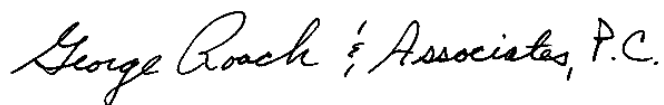
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements allocations referred to above present fairly, in all material respects, the financial position of United Way of Greater McHenry County, Inc. as of June 30, 2017 and 2016, and the Statement of Activities and changes in net assets, statement of allocations to social service agencies, statement of functional expenses, and statement of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses as described in the table of contents 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.



George Roach & Associates, P.C.
Certified Public Accountants
Crystal Lake, Illinois

August 3, 2017

BASIC FINANCIAL STATEMENTS

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Statement of Financial Position

Years Ended June 30, 2017 & 2016

Assets	2017	2016
Current Assets		
Cash and cash equivalents	\$ 229,042	\$ 108,968
Temporarily restricted - cash and cash equivalents	67,807	61,568
Receivables:		
Net Cash provided/(used) by Operating Activities:	561,271	666,124
Less: Allowance for uncollectible pledges	(58,000)	(59,000)
Total Current Assets	800,120	777,660
Fixed Assets		
Building	408,727	408,727
Furniture and office equipment	76,617	75,377
Total Fixed Assets	485,344	484,104
Less: accumulated depreciation	313,134	299,603
Net Fixed Assets	172,210	184,501
Total Assets	\$ 972,330	\$ 962,161
Liabilities		
Current Liabilities		
Accrued payroll & payroll taxes	\$ 7,792	\$ 7,732
Accounts payable	9,647	11,457
Donor designations	86,612	56,498
Total Current Liabilities	104,051	75,687
Noncurrent Liabilities		
Current portion of lease payable	-	1,881
Total Noncurrent Liabilities	-	1,881
Total Liabilities	104,051	77,568
Net Assets		
Unrestricted, end of year	800,472	823,025
Temporarily restricted	67,807	61,568
Total Net Assets	868,279	884,593
Total Liabilities and Net Assets	\$ 972,330	\$ 962,161

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

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2017 & 2016

	Unrestricted	Temporarily Restricted	Totals 2017	2016
Revenue, Gains and Other Support				
Contributions - annual campaign	\$ 1,168,574	\$ 16,183	\$ 1,184,757	\$ 1,208,881
Interest income	41	56	97	46
In-kind revenue	13,350	-	13,350	-
Special event revenue	22,255	-	22,255	15,750
Rental	-	-	-	2,000
Restriction release	10,000	(10,000)	-	-
Miscellaneous receipts	3,685	-	3,685	6,973
Total Revenue	1,217,905	6,239	1,224,144	1,233,650
Expenses				
Program services:				
Allocations to social service agencies*	890,000	-	890,000	995,620
Allocations and agency relations*	50,242	-	50,242	39,945
2-1-1 Project*	45,047	-	45,047	37,076
Fundraising and affiliation dues*	162,940	-	162,940	166,570
Management and general*	92,229	-	92,229	80,813
Total Expenses	1,240,458	-	1,240,458	1,320,024
Change in net assets	(22,553)	6,239	(16,314)	(86,374)
Net assets, beginning of year	823,025	61,568	884,593	970,967
Net assets, end of year	\$ 800,472	67,807	\$ 868,279	884,593

*See detailed schedule on page 6.

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

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Statement of Allocations to Social Service Agencies

Years Ended June 30, 2017 & 2016

	<u>2017</u>	<u>2016</u>
Allocations		
4-C Community Coordinated Child Care	\$ 4,020	\$ 4,020
Adult and Child Therapy Services	98,220	98,220
Association for Individual Development	35,040	-
Big Brothers Big Sisters of McHenry County, Inc.	52,020	52,020
Boy Scouts - Blackhawk Area Council	1,000	3,600
CASA of McHenry County	24,480	24,480
Catholic Charities	3,600	3,600
Child Advocacy Center	600	600
Community Action Agency for McHenry County	57,000	57,000
Consumer Credit Counseling Services of McHenry County	4,500	6,480
Family Alliance	60,060	60,060
Family Health Partnership Clinic	54,960	63,000
Friendship House	30,520	30,520
Girl Scouts of Northern Illinois	1,000	3,600
Greater Elgin Family Care Center	10,080	10,080
Home of the Sparrow	20,040	20,040
Journey Care	-	2,400
Not for Profit Resources	22,500	30,000
Pioneer Center for Human Services	119,240	244,740
Prairie State Legal Services	8,040	8,040
Rosecrance	29,460	29,460
Sage YMCA of Metro Chicago	20,040	20,040
Samaritan Counseling Center	9,960	-
Senior Care Volunteer Network	18,000	18,000
Senior Services Associates	32,520	32,520
The Salvation Army Crystal Lake	70,020	70,020
The Salvation Army Golden Diners	18,000	18,000
Turning Point	85,080	85,080
Total Allocated	<u><u>\$ 890,000</u></u>	<u><u>\$ 995,620</u></u>

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

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Statement of Functional Expenses

Years Ended June 30, 2017 & 2016

	Program Services			Fundraising and Affiliation Dues	Administration General	Total 2017 Expenses	Total 2016 Expenses
	Allocations to Social Service Agencies	2-1-1 Project	Allocations and Agency Relations				
Payroll	\$ -	\$ 12,744	\$ 35,976	\$ 102,001	\$ 39,859	\$ 190,580	\$ 93,623
Allocations to social service agencies	890,000	-	-	-	-	890,000	995,620
PATH, Inc. contract	-	30,000	-	-	-	30,000	30,000
Professional interim manager	-	-	900	925	11,525	13,350	-
Management fees	-	-	-	-	-	-	98,998
Healthy Community study expense	-	-	-	-	917	917	-
Audit fee	-	-	-	-	5,100	5,100	4,900
Supplies	-	-	-	370	900	1,270	961
Postage and shipping	-	-	119	632	206	957	1,338
Equipment and maintenance	-	-	3,540	734	7,532	11,806	7,970
Telephone	-	-	220	1,445	429	2,094	2,405
Occupancy	-	-	2,226	11,781	2,742	16,749	17,197
Printing and communications	-	2,181	2,375	8,399	266	13,221	15,965
Training and meetings	-	-	912	16,836	2,297	20,045	14,211
Dues, subscriptions and publications	-	-	-	-	1,976	1,976	1,941
Insurance	-	-	-	-	5,066	5,066	4,115
Travel expenses	-	122	324	2,045	2,503	4,994	3,052
Miscellaneous	-	-	320	109	6,916	7,345	2,698
United Way membership dues	-	-	1,989	8,020	1,448	11,457	11,623
Depreciation	-	-	1,341	9,643	2,547	13,531	13,407
Total Expenses	\$ 890,000	\$ 45,047	\$ 50,242	\$ 162,940	\$ 92,229	\$ 1,240,458	\$ 1,320,024

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

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Statement of Cash Flows

Years Ended June 30, 2017 & 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (16,314)	\$ (86,374)
Adjustments to Reconcile Net Position to Net Cash provided/(used) by Operating Activities:		
Depreciation	13,531	13,407
Changes in net position:		
(Increase)/decrease receivables	103,853	(20,055)
(Increase)/decrease prepaid items	-	1,627
Increase/(decrease) accrued payroll & payroll taxes	60	7,732
Increase/(decrease) accounts payable	(1,810)	2,604
Increase/(decrease) donor designations	30,114	13,374
Net Cash provided/(used) by Operating Activities	<u>129,434</u>	<u>(67,685)</u>
Cash Flows from Investing Activities		
Investment in fixed assets, net	<u>(1,240)</u>	<u>-</u>
Net Cash provided/(used) by Investing Activities	<u>(1,240)</u>	<u>-</u>
Cash Flows from Financing Activities		
Capital lease payments	<u>(1,881)</u>	<u>(2,052)</u>
Net Cash provided/(used) by Financing Activities	<u>(1,881)</u>	<u>(2,052)</u>
Net Increase/(Decrease) in Cash	126,313	(69,737)
Cash at beginning of year	<u>170,536</u>	<u>240,273</u>
Cash at end of year	<u>\$ 296,849</u>	<u>\$ 170,536</u>

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Notes to Financial Statements

Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary purpose of United Way of Greater McHenry County, Inc. (Organization) is to raise funds for the financial support of various social service agencies that serve McHenry County residents. The Organization is a not-for-profit corporation, and all contributions are tax deductible, under the Internal Revenue Code of 1986, Section 501 (c) (3).

BASIS OF ACCOUNTING:

The Organization maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis of accounting recognizes pledges as revenue when pledged and expenses when incurred. Where there is a choice between two or more generally accepted principles, the principle which the Organization believes will best reflect its financial position and results of operations is selected.

CASH AND CASH EQUIVALENTS:

For purposes of these financial statements, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

FIXED ASSETS:

The Organization has a policy of capitalizing all expenditures for fixed assets greater than \$500; the fair market value of donated fixed assets are similarly capitalized. Depreciation of the fixed assets as reported has been computed by the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Building	40
Furniture and Equipment	3-7

CONTRIBUTIONS:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Notes to Financial Statements

Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

DONATED SERVICES:

The value of contributed time (unpaid volunteers) is not reflected in these statements since it is not susceptible to objective measurement of valuation.

FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various allocations and agency relations, fundraising, and management and general services have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the allocations and agency relations, fundraising, and management and general services benefited.

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAX STATUS:

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they are filed.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of June 30, 2017, there was a \$28,781 uninsured and uncollateralized balance. The Organization believes it is not exposed to any significant credit risk on its cash balances. At June 30, 2017, the Organization had the following cash and investments:

Category 1	Insured or collateralized with securities held by the entity or by its agent in the entity's name.			
Category 2	Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.			
Category 3	Uncollateralized.			

Pooled Deposits	Category			Bank	Carrying
	1	2	3	Balance	Amount
Checking & Savings	\$257,810	\$ -	\$ 28,781	\$286,591	\$296,849
	<u>\$257,810</u>	<u>\$ -</u>	<u>\$ 28,781</u>	<u>286,591</u>	<u>296,849</u>
	Total Deposits			<u>\$286,591</u>	<u>\$296,849</u>

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Notes to Financial Statements

Year Ended June 30, 2017

NOTE 3 – FIXED ASSETS

A summary of fixed assets:

Fixed Assets	Balance	Increases	Decreases	Balance
	July 1, 2016			June 30, 2017
Buildings & improvements	\$ 408,727	\$ -	\$ -	\$ 408,727
Equipment, furniture & fixtures	75,377	1,240	-	76,617
Total Capital Assets	484,104	1,240	-	485,344
Less: Accumulated Depreciation	299,603	13,531	-	313,134
Capital Assets (Net)	<u>\$ 184,501</u>	<u>\$ (12,291)</u>	<u>\$ -</u>	<u>\$ 172,210</u>

Depreciation expense for the year ended June 30, 2017 is \$13,531.

NOTE 4 – LINE OF CREDIT

Subsequent to year-end, the Organization renewed a line of credit for \$90,000 with a variable interest rate that is calculated at 1.00 percentage point over index with a minimum of 5.50%. The line of credit matures on July 19, 2018. The Organization did not borrow against the line of credit as of June 30, 2017. The real property and all personal property owned by the Organization is pledged as collateral.

NOTE 5 – COMBINED FEDERAL CAMPAIGN DESIGNATIONS

For the year ended June 30, 2017, the Organization is honoring all combined federal campaign designations.

NOTE 6 – NET ASSETS

UNRESTRICTED:

Net assets not subject to donor-imposed stipulations.

TEMPORARILY RESTRICTED:

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

UNITED WAY OF GREATER MCHENRY COUNTY, INC.

Notes to Financial Statements

Year Ended June 30, 2017

NOTE 6 – NET ASSETS (CONTINUED)

Temporary Restricted Balances as of June 30, 2017

<u>Revenue</u>	<u>Reserve Funds</u>	<u>MCCF 211 Grant</u>	<u>Total</u>
Beginning Balance	\$ 51,568	\$ 10,000	\$ 61,568
Additions during year	16,239	-	16,239
Amounts released from restrictions	-	(10,000)	(10,000)
Totals	<u>\$ 67,807</u>	<u>\$ -</u>	<u>\$ 67,807</u>

PERMANENTLY RESTRICTED:

Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Income earned on these assets is available as unrestricted revenue to the Organization. No assets were subject to permanent restrictions at year ending June 30, 2017.

NOTE 7 – CAPITAL LEASE

On June 9, 2014, the Organization entered into a lease agreement for a Copier. The agreement is for a period of 36 months, ending June 2017, and requires monthly payments of \$171 with zero interest. At year ended June 30, 2017 the lease was paid off in full.

NOTE 8 – IN-KIND REVENUE

The Organization had an interim professional manager performing duties for four months (October 2016 to February 2017) without compensation. The Organization recognized this as a donation of professional management services and realized those services as donated services and expenses divided amongst functions for a total of \$13,350.

NOTE 9 – CONTINGENCIES

The Organization is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date on which the financial statements were available to be issued.