United Way of Central Illinois, Inc.

Financial Report
December 31, 2017

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
United Way of Central Illinois, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of United Way of Central Illinois, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 referred to above present fairly, in all material respects, the financial position of United Way of Central Illinois, Inc. as of December 31, 2017 and 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
November 13, 2018

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United Way of Central Illinois, Inc.

Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 737,091	$ 698,124
Contributions receivable, less allowance for uncollectible pledges 2017 $214,282; 2016 $140,908	1,044,361	961,052
Prepaid expenses	12,755	18,747
Investments	6,359,236	5,794,203
Property and equipment, net	88,139	92,447
Beneficial interest in perpetual trusts	218,172	197,582
Funds held for others	57,525	51,429
Total assets	$ 8,517,279	$ 7,813,584
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 6,878	$ 16,010
Accrued expenses	34,441	39,854
Allocations payable	753,652	722,521
Designations payable	349,491	408,497
Funds held for others	57,525	51,429
Total liabilities	1,201,987	1,238,311
Commitments (Note 7)		
Net assets:		
Unrestricted:		
Designated for emergencies	-	56,948
Designated for equipment replacement	28,937	28,937
Designated for Dolly Parton Imagination Library	33,721	32,681
Designated for Continuum of Learning Fund	59,125	59,125
Designated for Needs Assessment Fund	15,000	15,000
Designated for Venture Fund	51,162	32,214
Undesignated	5,557,614	4,942,982
Total unrestricted	5,745,559	5,167,887
Temporarily restricted	1,351,561	1,209,804
Permanently restricted	218,172	197,582
Total net assets	7,315,292	6,575,273
Total liabilities and net assets	$ 8,517,279	$ 7,813,584

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Gross campaign results (2016/2017)	$ 1,061,413	$ -	$ -	$ 1,061,413
Gross campaign results in prior year - released from restriction	1,593,819	(1,593,819)	-	-
Less donor designations	(446,051)	314,271	-	(131,780)
(Provision for) recovery of uncollectible	(105,496)	75,609	-	(29,887)
Total campaign results (2016/2017)	2,103,685	(1,203,939)	-	899,746
Gross campaign results (2017/2018)	-	1,721,414	-	1,721,414
Less donor designations	-	(267,718)	-	(267,718)
Less provision for uncollectible	-	(108,000)	-	(108,000)
Net campaign revenue (2017/2018)	-	1,345,696	-	1,345,696
Investment income:				
Unrealized and realized gains on investments	758,161	-	-	758,161
Interest and dividends, net of fees	123,645	-	-	123,645
Change in beneficial interest in perpetual trusts	-	-	20,590	20,590
Total investment income	881,806	-	20,590	902,396
Miscellaneous income	54,953	-	-	54,953
	936,759	-	20,590	957,349
Total public support and revenue	3,040,444	141,757	20,590	3,202,791
Expenses:				
Program services:				
Gross funds allocated to human service agencies, venture grants and community support	2,372,149	-	-	2,372,149
Less donor designations	(726,880)	-	-	(726,880)
Net funds allocated to human service agencies	1,645,269	-	-	1,645,269
Community impact/fund distribution	351,716	-	-	351,716
Total program services	1,996,985	-	-	1,996,985
Supporting services:				
Fund raising	200,057	-	-	200,057
Marketing and communications	32,469	-	-	32,469
Finance and administration	233,261	-	-	233,261
Total supporting services	465,787	-	-	465,787
Total expenses	2,462,772	-	-	2,462,772
Change in net assets	577,672	141,757	20,590	740,019
Net assets:				
Beginning	5,167,887	1,209,804	197,582	6,575,273
Ending	$ 5,745,559	$ 1,351,561	$ 218,172	$ 7,315,292

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Gross campaign results (2015/2016)	$ 707,550	$ -	$ -	$ 707,550
Gross campaign results in prior year - released from restriction	1,908,702	(1,908,702)	-	-
Less donor designations	(510,898)	402,848	-	(108,050)
(Provision for) recovery of uncollectible	(1,546)	81,628	-	80,082
Total campaign results (2015/2016)	2,103,808	(1,424,226)	-	679,582
Gross campaign results (2016/2017)	-	1,593,819	-	1,593,819
Less donor designations	-	(314,271)	-	(314,271)
Less provision for uncollectible	-	(75,609)	-	(75,609)
Net campaign revenue (2016/2017)	-	1,203,939	-	1,203,939
Investment income:				
Unrealized and realized gains on investments	307,517	-	-	307,517
Interest and dividends, net of fees	126,227	-	-	126,227
Change in beneficial interest in perpetual trusts	-	-	1,097	1,097
Total investment income	433,744	-	1,097	434,841
Administrative fees	17,803	-	-	17,803
Miscellaneous income	71,283	-	-	71,283
	522,830	-	1,097	523,927
Total public support and revenue	2,626,638	(220,287)	1,097	2,407,448
Expenses:				
Program services:				
Gross funds allocated to human service agencies, venture grants and community support	2,011,151	-	-	2,011,151
Less donor designations	(374,368)	-	-	(374,368)
Net funds allocated to human service agencies	1,636,783	-	-	1,636,783
Community impact/fund distribution	355,475	-	-	355,475
Total program services	1,992,258	-	-	1,992,258
Supporting services:				
Fund raising	196,454	-	-	196,454
Marketing and communications	35,303	-	-	35,303
Finance and administration	239,469	-	-	239,469
Total supporting services	471,226	-	-	471,226
Total expenses	2,463,484	-	-	2,463,484
Change in net assets	163,154	(220,287)	1,097	(56,036)
Net assets:				
Beginning	5,004,733	1,430,091	196,485	6,631,309
Ending	$ 5,167,887	$ 1,209,804	$ 197,582	$ 6,575,273

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services			Other Functional Expenses (or Supporting Services)				
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	Total
Salaries	$ -	$ 163,784	$ 163,784	$ 89,118	$ 27,183	$ 63,999	$ 180,300	$ 344,084
Payroll taxes	-	4,893	4,893	7,141	4,296	12,119	23,556	28,449
Employee benefits	-	12,205	12,205	22,999	635	34,710	58,344	70,549
Personnel search	-	-	-	-	-	5,342	5,342	5,342
	-	180,882	180,882	119,258	32,114	116,170	267,542	448,424
Professional fees	-	62,864	62,864	10,972	-	55,248	66,220	129,084
Office supplies	-	1,506	1,506	684	-	614	1,298	2,804
SECA budget	-	-	-	11,350	-	-	11,350	11,350
Telephone	-	2,190	2,190	931	-	559	1,490	3,680
Postage	-	2,487	2,487	1,128	-	1,008	2,136	4,623
Occupancy	-	33,752	33,752	14,926	-	10,330	25,256	59,008
Occupancy maintenance and real estate taxes	-	17,300	17,300	7,652	-	5,292	12,944	30,244
Equipment maintenance	-	1,557	1,557	689	-	476	1,165	2,722
Subscriptions	-	387	387	171	-	133	304	691
Marketing and advertising	-	18,000	18,000	2,962	-	42	3,004	21,004
Travel	-	756	756	1,300	338	1,544	3,182	3,938
Meetings	-	983	983	237	17	1,233	1,487	2,470
Annual meeting	-	9,008	9,008	-	-	109	109	9,117
Conference and trainings	-	301	301	3,525	-	-	3,525	3,826
Campaign supplies/printing	-	570	570	9,795	-	-	9,795	10,365
Special events	-	13,562	13,562	11,096	-	-	11,096	24,658
Award supplies	-	-	-	279	-	192	471	471
Local organization dues	-	1,285	1,285	80	-	821	901	2,186
State and national dues	-	-	-	-	-	1,850	1,850	1,850
United Way Worldwide dues	-	-	-	-	-	20,224	20,224	20,224
Insurance expense	-	916	916	397	-	13,953	14,350	15,266
Bank and filing fees	-	641	641	233	-	2,362	2,595	3,236
Equipment purchases	-	615	615	1,100	-	239	1,339	1,954
	-	168,680	168,680	79,507	355	116,229	196,091	364,771
Depreciation expense	-	2,154	2,154	1,292	-	862	2,154	4,308
Total operations	-	351,716	351,716	200,057	32,469	233,261	465,787	817,503
Allocations to agencies, venture grants and community support	2,372,149	-	2,372,149	-	-	-	-	2,372,149
Less donor designations	(726,880)	-	(726,880)	-	-	-	-	(726,880)
Net funds allocated	1,645,269	-	1,645,269	-	-	-	-	1,645,269
Total expenses	$ 1,645,269	$ 351,716	$ 1,996,985	$ 200,057	$ 32,469	$ 233,261	$ 465,787	$ 2,462,772

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services			Other Functional Expenses (or Supporting Services)				
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	Total
Salaries	$ -	$ 176,496	$ 176,496	$ 96,319	$ 29,213	$ 69,072	$ 194,604	$ 371,100
Payroll taxes	-	4,785	4,785	6,945	4,201	11,837	22,983	27,768
Employee benefits	-	13,629	13,629	25,691	709	38,799	65,199	78,828
Personnel search	-	-	-	-	-	7,544	7,544	7,544
	-	194,910	194,910	128,955	34,123	127,252	290,330	485,240
Professional fees	-	57,679	57,679	10,037	-	50,805	60,842	118,521
Office supplies	-	1,655	1,655	752	-	677	1,429	3,084
SECA budget	-	-	-	1,437	-	-	1,437	1,437
Telephone	-	2,541	2,541	1,078	-	649	1,727	4,268
Postage	-	1,718	1,718	779	-	695	1,474	3,192
Occupancy	-	29,028	29,028	12,876	-	8,783	21,659	50,687
Occupancy maintenance and real estate taxes	-	18,087	18,087	8,000	-	5,533	13,533	31,620
Equipment maintenance	-	1,222	1,222	541	-	374	915	2,137
Subscriptions	-	627	627	277	-	215	492	1,119
Marketing and advertising	-	19,059	19,059	3,135	-	49	3,184	22,243
Travel	-	453	453	780	204	925	1,909	2,362
Meetings	-	778	778	187	15	977	1,179	1,957
Annual meeting	-	8,648	8,648	-	-	108	108	8,756
Conference and trainings	-	3,232	3,232	1,449	961	1,089	3,499	6,731
Campaign supplies/printing	-	803	803	13,820	-	-	13,820	14,623
Special events	-	11,263	11,263	9,390	-	-	9,390	20,653
Award supplies	-	-	-	759	-	322	1,081	1,081
Local organization dues	-	243	243	188	-	609	797	1,040
State and national dues	-	-	-	-	-	1,910	1,910	1,910
United Way Worldwide dues	-	-	-	-	-	29,967	29,967	29,967
Insurance expense	-	388	388	172	-	5,934	6,106	6,494
Bank and filing fees	-	895	895	494	-	1,698	2,192	3,087
	-	158,319	158,319	66,151	1,180	111,319	178,650	336,969
Depreciation expense	-	2,246	2,246	1,348	-	898	2,246	4,492
Total operations	-	355,475	355,475	196,454	35,303	239,469	471,226	826,701
Allocations to agencies, venture grants and community support	2,011,151	-	2,011,151	-	-	-	-	2,011,151
Less donor designations	(374,368)	-	(374,368)	-	-	-	-	(374,368)
Net funds allocated	1,636,783	-	1,636,783	-	-	-	-	1,636,783
Total expenses	$ 1,636,783	$ 355,475	$ 1,992,258	$ 196,454	$ 35,303	$ 239,469	$ 471,226	$ 2,463,484

See notes to financial statements.

United Way of Central Illinois, Inc.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

		2017		2016
Cash flows from operating activities:				
Change in net assets	**$**	**740,019**	$	(56,036)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation		**4,308**		4,492
Net realized/unrealized gains on investments		**(758,161)**		(307,517)
Reserve for (recoveries of) uncollectible pledges		**137,887**		(4,473)
Changes in assets and liabilities:				
(Increase) decrease in:				
Contributions receivable		**(221,196)**		371,930
Other receivables and prepaid expenses		**5,992**		10,010
Beneficial interest in perpetual trusts		**(20,590)**		(1,097)
Increase (decrease) in:				
Accounts payable and accrued expenses		**(14,545)**		(16,196)
Allocations payable		**31,131**		(78,992)
Designations payable		**(59,006)**		(33,347)
Net cash used in operating activities		**(154,161)**		(111,226)
Cash flows from investing activities:				
Proceeds from sales of investments		**1,012,908**		665,350
Purchases of investments		**(819,780)**		(457,234)
Net cash provided by investing activities		**193,128**		208,116
Net change in cash and cash equivalents		**38,967**		96,890
Cash and cash equivalents:				
Beginning		**698,124**		601,234
Ending	**$**	**737,091**	$	698,124

See notes to financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: The United Way of Central Illinois, Inc. (the Organization) is a not-for-profit corporation organized to promote community planning by developing and allocating human and financial resources that meet priority health and human service needs. The stated mission of the Organization is "… mobilizing resources to meet community needs." The Organization also provides services directly to the community and certified agencies through its staff and group of volunteers.

The following is the summary of the Organization's significant accounting policies:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates. Significant estimates to the financial statements include the allowance for uncollectible pledges, fair value of investments, fair value of beneficial interest in perpetual trusts and the depreciable lives in relation to property and equipment.

Net asset classifications: The financial statements report the changes in, and total of, each of the net asset classes based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

Unrestricted net assets: The unrestricted net asset class includes general and board-designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily restricted net assets: The temporarily restricted net asset class includes assets and trust obligations of the Organization related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

Permanently restricted net assets: The permanently restricted net asset class includes assets of the Organization for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefits neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Cash and cash equivalents: Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with maturities of three months or less at the date of purchase, whose use is not limited or restricted.

Investments: The Organization carries all investments in debt and equity securities with readily determinable fair values at fair value with realized and unrealized gains and losses included in the statements of activities.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Contributions receivable and allocations payable: Pledges for contributions are recorded as assets and temporarily restricted revenue when the pledges are received. Balances are carried at original pledged amounts less an estimate made for uncollectible pledges based on management's review of all outstanding amounts. Management determines the allowance for uncollectible pledges by using historical experience applied to the campaign total. Pledge receivables are written off when deemed uncollectible. Allocations to member agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Donor-designated pledges: Pledges for which the donor stipulates the agency to receive the donation are recorded as assets (contributions receivable) and liabilities (designations payable) when the pledges are received.

Property and equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	Years
Leasehold improvements	39
Furnishing and equipment	3 - 10

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the respective lease term.

Beneficial interest in perpetual trusts: At December 31, 2017, the Organization is the beneficiary of a donor-established perpetual trust, which is administered by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the assets held in the third-party trust in perpetuity, but never receives the assets held in trust. The beneficial interest is reported as permanently restricted net assets. The trust annually makes distributions of income to the Organization. The Organization's beneficial interest in the trust is carried at the fair value of the underlying assets as provided by the third-party administrator. Subsequent changes in the carrying value of the beneficial interests are reported in the statement of activities for that period. The estimated value of the expected future cash flows is $218,172 and $197,582 as of December 31, 2017 and 2016, respectively, which represents the fair value of the trust's assets at year-end.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Support and revenue: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. No restrictions are implied on the use of long-lived assets received without donor stipulations concerning how long the assets must be used.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Pending accounting pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct use of and obtain the benefits from the good or service. Transfer of control is not the same as the transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. In 2016, ASU 2016-12 was issued that narrows and clarifies aspects of Topic 606, ASU 2016-08 was issued that includes amendments that clarify the implementation guidance on principal versus agent considerations, and ASU 2016-10 was issued that included guidance on identifying performance obligations and licensing. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for the Organization’s fiscal year ending December 31, 2019. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for the Organization’s fiscal year ending December 31, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for the Organization's fiscal year ending December 31, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for the Organization's fiscal year ending December 31, 2019. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Organization is currently evaluating the impact the adoption of this guidance will have on its statement of cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* ASU 2016-18 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. Its provisions require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard will be effective for the Organization's December 31, 2019, financial statements. Early adoption is permitted. ASU 2016-18 requires a retrospective transition method. The Organization is currently evaluating the effect of the new standard on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is the resource recipient, the ASU is applicable to contributions received for the fiscal year ending December 31, 2019. Where the Organization is a resource provider, the ASU is effective for the fiscal year ending December 31, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes certain disclosures, modifies certain disclosures and adds additional disclosures. The ASU will be effective for the Organization's December 31, 2020, financial statements. Certain disclosures in ASU 2018-13 would need to be applied on a retrospective basis and others on a prospective basis. The Organization is currently evaluating the effect of the new standard on the financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Subsequent events: All of the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the financial statement date but arose after, but before the financial statements are available to be issued. In some cases, non-recognized subsequent events are disclosed to keep the financial statements from being misleading.

The Organization has evaluated subsequent events through November 13, 2018, the date on which the financial statements were available to be issued.

Note 2. Concentration of Credit Risk

The Organization maintains cash accounts in several financial institutions in amounts which, from time to time, may exceed the Federal Deposit Insurance Corporation insurance limit. The Organization has not experienced any losses as a result of these concentrations and does not believe it is exposed to any significant credit risk on these balances.

Note 3. Contributions Receivable

Contributions receivable as of December 31, 2017 and 2016, are as follows:

	2017			2016		
	Prior Year Campaign	Current Year Campaign	Total	Prior Year Campaign	Current Year Campaign	Total
Contributions receivable	$ 244,040	$ 1,014,603	$ 1,258,643	$ 210,164	$ 891,796	$ 1,101,960
Allowance for uncollectible contributions	(106,282)	(108,000)	(214,282)	(65,299)	(75,609)	(140,908)
	$ 137,758	$ 906,603	$ 1,044,361	$ 144,865	$ 816,187	$ 961,052

Note 4. Investments

The Organization's unrestricted investments at fair value as of December 31, 2017 and 2016, are as follows:

	2017	2016
Money market funds	$ 80,353	$ 52,907
Equity mutual funds	3,812,817	3,536,361
Fixed income mutual funds	2,466,066	2,204,935
	$ 6,359,236	$ 5,794,203

Note 4. Investments (Continued)

Investment income consists of the following for the years ending December 31, 2017 and 2016:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net unrealized and realized gains on investments	$ 758,161	$ -	$ -	$ 758,161
Interest and dividends, net of $6,051 in fees	115,192	-	-	115,192
Interest and dividends from trusts	8,453	-	-	8,453
Change in beneficial interest in perpetual trusts	-	-	20,590	20,590
	$ 881,806	$ -	$ 20,590	$ 902,396

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net unrealized and realized gains on investments	$ 307,517	$ -	$ -	$ 307,517
Interest and dividends, net of $5,861 in fees	118,434	-	-	118,434
Interest and dividends from trusts	7,793	-	-	7,793
Change in beneficial interest in perpetual trusts	-	-	1,097	1,097
	$ 433,744	$ -	$ 1,097	$ 434,841

Note 5. Property and Equipment

The Organization’s property and equipment as of December 31, 2017 and 2016, are as follows:

	2017	2016
Furnishings and equipment	$ 123,601	$ 123,601
Leasehold improvements	112,625	112,625
	236,226	236,226
Less accumulated depreciation	148,087	143,779
	$ 88,139	$ 92,447

Note 6. Expense Allocation

Expenses have been classified as program services, marketing and communications, finance and administration and fund raising based on the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel.

In 2017, the Organization incurred joint costs of $9,897 for informational materials and activities, including fund-raising appeals. Of these costs, $2,475 was allocated to fund-raising expense, $5,640 was allocated to program service expense and $1,782 was allocated to finance and administration.

Note 6. Expense Allocation (Continued)

In 2016, the Organization incurred joint costs of $10,908 for informational materials and activities, including fund-raising appeals. Of these costs, $2,648 was allocated to fund-raising expense, $6,045 was allocated to program service expense and $2,215 was allocated to finance and administration.

Note 7. Lease and Other Commitments

During 2007, the Organization relocated its operations and entered into a new lease agreement dated April 16, 2007. Effective July 1, 2017, the existing lease was amended and restated, extending the term of the lease through June 30, 2027. Under the amended and restated lease terms, annual rental payments beginning July 1, 2017, are $53,922, with annual increases of 1.0 percent each year for the first five years and 2.0 percent each year for the last five years.

During 2015, the Organization entered into a new lease agreement for grant management software. This agreement has a monthly payment of $279 for 60 months.

Aggregate minimum rental commitments under the amended building and grant management lease are as follows:

Year Ending December 31,		Amount
2018	$	57,540
2019		58,082
2020		58,071
2021		55,834
2022		56,673
Thereafter		269,229
	$	555,429

The Organization outsources a majority of its accounting function to third parties. Until June 30, 2016, the Organization paid a third party $4,140 per month for the services provided. Effective July 1, 2017, the Organization entered into an agreement with a different third party for accounting services, which requires a monthly payment of $3,800 for the services provided. The new agreement for accounting services extends until December 31, 2018. During each of the years ended December 31, 2017 and 2016, service fees paid to third parties for accounting services were $50,468 and $48,740, respectively.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of campaign contributions that have not yet been expensed or specifically allocated to Organization agencies as of December 31, 2017 and 2016. Net assets released from donor restrictions through the expiration of time restrictions and meeting purpose restrictions for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Time restrictions expired:		
Passage of specified time	$ 1,279,548	$ 1,505,854
Purpose restrictions expired:		
Purpose restrictions met	$ -	$ -

Note 9. Employee Benefit Plans

The Organization has a 401(k) plan covering substantially all of its employees. The Organization makes an annual minimum contribution equal to 10 percent of eligible participant wages. Employees are eligible for participation in the plan after one year of employment with the Organization or are immediately eligible if they had one year of employment at a nonprofit organization as their previous employer. The value of each participant’s account is fully and immediately vested from the date of participation.

Total expense for the plan amounted to $33,342 and $34,139 for the years ended December 31, 2017 and 2016, respectively.

Note 10. Funds Held for Others

The Organization maintains bank accounts for the accumulation of funds to be disbursed only for the benefit of (or upon the instructions of) other organizations. These accounts had a total cash balance held for others of $57,525 and $51,429 at December 31, 2017 and 2016, respectively.

Note 11. Allocations to Human Services Agencies and Community Support

The following allocations were made for the years ended December 31, 2017 and 2016:

	2017	2016
Program allocations:		
American Red Cross	$ 24,000	$ -
Big Brothers Big Sisters of Illinois Capital Region	119,270	-
Big Brother - Big Sister of Sangamon County	-	120,000
Boys and Girls Clubs of Central Illinois	95,890	96,480
Catholic Charities of the Diocese of Springfield in Illinois	101,965	102,589
Central Counties Health Centers	85,080	85,600
Community Connection Point	74,540	75,000
Compass for Kids, Inc.	149,085	-
Contact Ministries	81,770	82,270
Family Service Center of Sangamon County	-	123,333
Helping Hands of Springfield Inc.	10,425	20,000
Mental Health Centers	-	258,765
Memorial Behavioral Health	189,679	-
M.E.R.C.Y. Communities, Inc.	71,910	95,000
Mini O'Beirne Crisis Nursery	29,555	29,736
One Hope United	9,940	36,667
Senior Services of Central Illinois, Inc.	69,485	67,723
SIU Center for Family Medicine	61,698	-
Sojourn Shelter & Services	92,020	92,585
Springfield Urban League	179,100	194,691
The Center of Youth and Family Solutions	14,910	15,000
United Cerebral Palsy Land of Lincoln	74,845	25,000
Youth Service Bureau	-	14,868
	1,535,167	1,535,307
Venture grants	35,510	3,000
Community support	74,592	98,476
Net funds allocated to human service agencies and community support	$ 1,645,269	$ 1,636,783

Note 12. Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Note 12. Fair Value Measurements (Continued)

The Fair Value Measurements and Disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Fair Value Measurements and Disclosures topic establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted 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.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

For the years ended December 31, 2017 and 2016, there were no transfers of financial assets between hierarchy levels.

A description of the valuation methodologies used for financial assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments (recurring): The fair value of the Organization’s investments is determined using Level 1 inputs, which are derived from readily available pricing sources and third-party pricing services for identical instruments, respectively.

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid fixed income mutual funds and exchange-traded equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

Beneficial interest in perpetual trusts (recurring): The fair value of the beneficial interests in perpetual trusts held by others is derived from the underlying fair value of the investments held in the trusts. The value of those investments is determined in the same manner as investments described above.

Note 12. Fair Value Measurements (Continued)

Assets and Liabilities at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	$ 80,353	$ 80,353	$ -	$ -
Equity mutual funds:				
Small cap funds	638,677	638,677	-	-
Mid cap funds	615,322	615,322	-	-
Large cap funds	1,926,929	1,926,929	-	-
International funds	631,889	631,889	-	-
Fixed income mutual funds	2,466,066	2,466,066	-	-
	6,359,236	6,359,236	-	-
Beneficial interest in perpetual trusts	218,172	-	-	218,172
	$ 6,577,408	$ 6,359,236	$ -	$ 218,172

	2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	$ 52,907	$ 52,907	$ -	$ -
Equity mutual funds:				
Small cap funds	608,862	608,862	-	-
Mid cap funds	592,295	592,295	-	-
Large cap funds	1,820,110	1,820,110	-	-
International funds	515,094	515,094	-	-
Fixed income mutual funds	2,204,935	2,204,935	-	-
	5,794,203	5,794,203	-	-
Beneficial interest in perpetual trusts	197,582	-	-	197,582
	$ 5,991,785	$ 5,794,203	$ -	$ 197,582

Note 12. Fair Value Measurements (Continued)

The Fair Value Measurements and Disclosures topic requires a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring or nonrecurring basis using significant unobservable inputs (Level 3) during the period. For these Level 3 assets, the reconciliation as of December 31, 2017 and 2016, is as follows:

Beneficial interest in perpetual trusts	2017
Beginning balance, January 1, 2017	$ 197,582
Change in beneficial interest in perpetual trusts	20,590
Ending balance, December 31, 2017	$ 218,172
Total gains included in change in net assets attributable to the change in unrealized/realized gains or losses relating to financial instruments still held at December 31, 2017	$ 20,590

Beneficial interest in perpetual trusts	2016
Beginning balance, January 1, 2016	$ 196,485
Change in beneficial interest in perpetual trusts	1,097
Ending balance, December 31, 2016	$ 197,582
Total gains included in change in net assets attributable to the change in unrealized/realized gains or losses relating to financial instruments still held at December 31, 2016	$ 1,097