The United Way of Youngstown and the Mahoning Valley

AUDIT OF FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

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REPORT OF INDEPENDENT AUDITORS

BOARD OF TRUSTEES
THE UNITED WAY OF YOUNGSTOWN AND THE MAHONING VALLEY

We have audited the accompanying financial statements of The United Way of Youngstown and the Mahoning Valley (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 The United Way of Youngstown and the Mahoning Valley as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2018 the Organization adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Packer Thomas

Canfield, Ohio
September 26, 2019

The United Way of Youngstown and the Mahoning Valley
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2018	2017
CURRENT ASSETS		
Cash and cash equivalents	**$ 853,212**	$ 1,131,189
Cash and cash equivalents--Success by Six	**26,543**	26,543
Cash and cash equivalents--designated pledges	**125,907**	251,098
Grant receivable	**426,695**	202,399
Campaign pledges receivable:		
2018 Campaign, less allowance for uncollectible pledges (2018--$125,000)	**932,073**	-
2017 Campaign, less allowance for uncollectible pledges (2018-- $85,000; 2017--$125,000)	**94,967**	796,521
2016 Campaign, less allowance for uncollectible pledges (2017--$101,000)	**-**	129,924
Total campaign pledges receivable	**1,027,040**	926,445
Prepaid expenses and other assets	**15,630**	5,057
Donated vehicle	**24,638**	22,333
TOTAL CURRENT ASSETS	**2,499,665**	2,565,064
INVESTMENTS	**6,627,696**	6,713,684
PROPERTY AND EQUIPMENT		
Land	**14,327**	14,327
Building and building improvements	**228,920**	227,558
Furniture and equipment	**231,806**	231,206
	475,053	473,091
Less accumulated depreciation	**433,498**	427,049
NET PROPERTY AND EQUIPMENT	**41,555**	46,042
OTHER ASSETS		
Deposit	**400**	400
TOTAL ASSETS	**$ 9,169,316**	$ 9,325,190

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

LIABILITIES AND NET ASSETS	December 31,	
	2018	2017
CURRENT LIABILITIES		
Designated pledges payable	**$ 1,161,549**	$ 1,175,661
Allocations payable	**530,425**	492,082
Deferred revenue	**18,875**	-
Other current liabilities	**48,579**	13,135
TOTAL CURRENT LIABILITIES	**1,759,428**	1,680,878
TOTAL LIABILITIES	**1,759,428**	1,680,878
NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Designated by the governing board for:		
Stabilization of agencies' funding	**515,200**	1,030,400
New programs	**26,085**	26,085
Endowment	**1,470,447**	1,550,353
Investment in fixed assets (net of depreciation)	**41,555**	46,042
Undesignated, available for general activities	**3,002,766**	2,634,388
WITH DONOR RESTRICTIONS	**2,353,835**	2,357,044
TOTAL NET ASSETS	**7,409,888**	7,644,312
TOTAL LIABILITIES AND NET ASSETS	**$ 9,169,316**	$ 9,325,190

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF ACTIVITIES

	Years ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Prior-year campaign contribution	$ 833,254	$ -	$ 833,254	$ 427,487	$ -	$ 427,487
Net assets released from restrictions:						
Prior-year campaign contributions--net	483,474	(483,474)	-	474,811	(474,811)	-
Current-year campaign contributions--net	672,053	609,485	1,281,538	455,373	483,474	938,847
Contributions in kind	-	24,638	24,638	-	22,333	22,333
Net campaign revenue	1,988,781	150,649	2,139,430	1,357,671	30,996	1,388,667
Grant revenue	1,000,412	-	1,000,412	265,068	-	265,068
Interest and dividend income	146,111	30,670	176,781	200,465	30,311	230,776
Net (loss) gain on investments	(421,522)	(152,195)	(573,717)	454,744	140,521	595,265
Miscellaneous income	2,658	-	2,658	1,853	-	1,853
Net special event income	158,738	-	158,738	150,800	-	150,800
Net assets released from restrictions:						
Restricted investment income	32,333	(32,333)	-	66,876	(66,876)	-
TOTAL REVENUE	2,907,511	(3,209)	2,904,302	2,497,477	134,952	2,632,429
FUND DISTRIBUTIONS, SERVICES, DUES AND OTHER EXPENSES						
Allocations to local agencies	1,061,691	-	1,061,691	924,007	-	924,007
Other Corporation expenses:						
Program services:						
Planning and community investment	1,751,015	-	1,751,015	1,014,130	-	1,014,130
Labor	49,089	-	49,089	64,898	-	64,898
	1,800,104	-	1,800,104	1,079,028	-	1,079,028
Supporting services:						
Administration	41,293	-	41,293	56,507	-	56,507
United Way campaign	205,350	-	205,350	285,228	-	285,228
	246,643	-	246,643	341,735	-	341,735
Other expense:						
United Way National and Ohio membership dues	30,288	-	30,288	29,811	-	29,811
TOTAL EXPENSES	3,138,726	-	3,138,726	2,374,581	-	2,374,581
INCREASE (DECREASE) IN NET ASSETS	(231,215)	(3,209)	(234,424)	122,896	134,952	257,848
NET ASSETS AT BEGINNING OF YEAR	5,287,268	2,357,044	7,644,312	5,164,372	2,222,092	7,386,464
NET ASSETS AT END OF YEAR	$ 5,056,053	$ 2,353,835	$ 7,409,888	$ 5,287,268	$ 2,357,044	$ 7,644,312

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

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2018							2017						
	Program Services			Supporting Services			Total Program and Supporting Services Expenses	Program Services			Supporting Services			Total Program and Supporting Services Expenses
	Planning and Community Investment	Labor	Total	Administration	United Way Campaign	Total		Planning and Community Investment	Labor	Total	Administration	United Way Campaign	Total	
SALARIES AND RELATED EXPENSES:														
Salaries	$ 871,936	$ 26,302	$ 898,238	$ 28,131	$ 131,317	$ 159,448	$ 1,057,686	$ 414,760	$ 42,961	$ 457,721	$ 37,591	$ 161,105	$ 198,696	$ 656,417
Employee benefits	113,133	2,079	115,212	2,168	24,211	26,379	141,591	68,670	8,123	76,793	7,108	30,462	37,570	114,363
Payroll taxes	39,577	2,238	41,815	2,394	10,340	12,734	54,549	27,001	3,927	30,928	3,436	14,728	18,164	49,092
TOTAL SALARIES AND RELATED EXPENSES	1,024,646	30,619	1,055,265	32,693	165,868	198,561	1,253,826	510,431	55,011	565,442	48,135	206,295	254,430	819,872
Community impact programs	259,074	-	259,074	-	-	-	259,074	309,175	-	309,175	-	-	-	309,175
Purchased services	219,380	-	219,380	-	-	-	219,380	87,726	-	87,726	-	-	-	87,726
Office supplies	97,589	711	98,300	653	1,518	2,171	100,471	11,307	1,008	12,315	882	3,781	4,663	16,978
Campaign supplies	22,333	-	22,333	-	4,023	4,023	26,356	-	-	-	-	29,446	29,446	29,446
Telephone	3,744	379	4,123	406	1,753	2,159	6,282	3,678	535	4,213	468	2,006	2,474	6,687
Postage and shipping	938	31	969	105	781	886	1,855	393	31	424	90	1,413	1,503	1,927
Utilities	3,142	318	3,460	341	1,471	1,812	5,272	2,764	402	3,166	352	1,507	1,859	5,025
Insurance	5,110	414	5,524	442	1,911	2,353	7,877	3,879	564	4,443	494	2,115	2,609	7,052
Printing and publications	25,366	341	25,707	289	1,037	1,326	27,033	12,115	151	12,266	127	1,674	1,801	14,067
Transportation and travel	28,605	-	28,605	77	5,328	5,405	34,010	16,405	1,267	17,672	270	13,615	13,885	31,557
Local meetings	15,376	5	15,381	1,194	2,034	3,228	18,609	8,382	82	8,464	573	1,450	2,023	10,487
Rental and maintenance of equipment and building	20,086	2,036	22,122	2,177	9,403	11,580	33,702	15,374	2,236	17,610	1,957	8,386	10,343	27,953
Membership dues and tuition	105	12,351	12,456	-	-	-	12,456	6,817	992	7,809	868	3,719	4,587	12,396
Professional fees	14,792	1,368	16,160	1,463	8,288	9,751	25,911	14,730	2,143	16,873	1,875	8,035	9,910	26,783
Data processing expense	3,374	-	3,374	552	-	552	3,926	7,681	-	7,681	-	-	-	7,681
Miscellaneous expense	3,808	-	3,808	450	-	450	4,258	410	60	470	52	224	276	746
Depreciation	3,547	516	4,063	451	1,935	2,386	6,449	2,863	416	3,279	364	1,562	1,926	5,205
TOTAL EXPENSES	$ 1,751,015	$ 49,089	$ 1,800,104	$ 41,293	$ 205,350	$ 246,643	$ 2,046,747	$ 1,014,130	$ 64,898	$ 1,079,028	$ 56,507	$ 285,228	$ 341,735	$ 1,420,763

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF CASH FLOWS

	Years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (234,424)**	$ 257,848
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	**6,449**	5,205
Provision for uncollectible pledges	**(16,000)**	(27,000)
Loss (gain) on investments	**573,717**	(595,265)
Donated vehicle included in contributions	**(24,638)**	(22,333)
Giveaway of campaign vehicle	**22,333**	21,876
(Increase) decrease in assets:		
Grant receivable	**(224,296)**	(202,399)
Campaign pledge receivables	**(84,595)**	575,396
Prepaid expenses and other assets	**(10,573)**	(94)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**21,332**	484,729
Allocations payable	**38,343**	17,195
Deferred revenue	**18,875**	
Other liabilities	**-**	(83,467)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**86,523**	431,691
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(3,680,687)**	(1,357,874)
Proceeds from sale of investments	**3,192,958**	1,325,166
Purchase of property and equipment	**(1,962)**	(25,706)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(489,691)**	(58,414)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(403,168)**	373,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,408,830**	1,035,553
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,005,662**	$ 1,408,830

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

NOTE A – NATURE OF OPERATIONS

The United Way of Youngstown and the Mahoning Valley (the Organization) is a non-profit corporation organized on February 10, 1919 under the laws of the State of Ohio principally for the purpose of soliciting donations for charitable purposes. The United Way focuses on the impact model with today's mission to create positive change by collaborating with partners to educate, empower, and support children and families in the Mahoning Valley. The Organization has aligned its funds, resources, partnerships, and programs around the impact areas of early childhood education and emergency services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement
Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and requirements and cash flows. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The change has been applied as of December 31, 2018 with no effect on beginning net assets.

Cash and Cash Equivalents
The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent, exclusive of cash and cash equivalents held in brokerage investment accounts.

Designated Pledges
Financial donor contributions designated to a specific agency or impact area without granting variance power to the Organization are not included in campaign revenue, but are recorded as a liability to the designated beneficiary.

Pledge Receivables
Pledge receivables are recognized as revenue in the period the contributions are received or promised, whichever is earlier. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The potential risk is limited to the amount recorded in the financial statements.

Grants Receivable
The Organization receives grants from federal and state agencies, as well as from local organizations, to be used for specific purpose. The excess of reimbursable expenditures over cash receipts is included in Grants Receivable.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of activities. 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 net assets without donor restriction 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment
Property and equipment are recorded at cost, if purchased, or fair value at the date of donation. The Organization has a capitalization policy whereby all additions over $500 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation amounted to $6,449 and $5,205 for the years ended December 31, 2018 and 2017, respectively.

Classification of Net Assets
The net assets of the Organization are reported as follows:

> **Without Donor Restriction** represents net assets which are available for general use of the Organization as net assets without donor restriction, as well as Board-designated net assets set aside for future use.
>
> **With Donor Restriction** represents gifts of cash or other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition
Contributions containing donor-imposed restrictions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a time or purpose restriction is satisfied, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution received, the Organization records the contribution revenue as without donor restrictions.

Contributed Services
No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received approximately 8,850 volunteer hours during the year ended December 31, 2018.

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization's functional classification and allocation policy is based on a review of the Organization's current structure and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. Those expenses allocated to Planning and Community Investment program include Success by 6, Dolly Parton Imagination Library, Young Women's Mentorship Initiative, the Volunteer Income Tax Assistance program (V.I.T.A.), and Success After 6. Those expenses allocated to United Way Campaign are those campaign expenses associated with the Organization's fundraising efforts.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity
The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

Financial assets		
Cash and cash equivalents	$	853,212
Cash and cash equivalents – Success by Six		26,543
Cash and cash equivalents – designated pledges		125,907
Grant receivable		396,866
Campaign pledges receivable:		
2018 Campaign, less allowance for uncollectible pledges		932,073
2017 Campaign, less allowance for uncollectible pledges		94,967
Investments		6,627,696
Total Financial assets		9,057,264
Less those unavailable for general expenditures within one year		
Cash and cash equivalents – designated pledges		(125,907)
Contractual or donor imposed restrictions:		
Endowments invested in perpetuity		(1,634,772)
Annual campaign income designated for future periods		(609,485)
Other		(109,578)
Board designations:		
Stabilization of agencies' funding		(515,200)
New programs		(26,085)
Endowment		(1,470,447)
Financial assets available to meet cash needs for general expenditure within one year	$	4,565,790

Advertising Costs
The Organization expenses advertising costs as incurred. Advertising expense was $27,032 and $14,067 in 2018 and 2017, respectively.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications
Certain amounts in the prior year financial statements have been reclassified to enhance comparability with the current period information. Such reclassifications had no impact on the Organization's financial position, results of operations or cash flows.

NOTE C – PLEDGE RECEIVABLES

Pledge receivables consist of the following as of December 31:

	2018	2017
Pledge receivables- 2018 Campaign	**$1,057,073**	$ -
Pledge receivables- 2017 Campaign	**179,967**	921,521
Pledge receivables- 2016 Campaign	**-**	230,924
	1,237,040	1,152,445
Less allowance for uncollectible pledges- 2018 Campaign	**125,000**	-
Less allowance for uncollectible pledges- 2017 Campaign	**85,000**	125,000
Less allowance for uncollectible pledges- 2016 Campaign	**-**	101,000
	210,000	226,000
Pledge receivables, net	**$1,027,040**	$ 926,445

NOTE D – PLEDGE ALLOCATIONS

The Executive Committee has allocated $1,061,691 and $924,007 for the years ended December 31, 2018 and 2017, respectively, to the United Way participating agencies for the agencies' 2018-2019 and 2017-2018 operations. The United Way's allocation year is a fiscal year ending June 30.

NOTE E – NET ASSETS WITH DONOR RESTRICTION

Endowment Fund

The Executive Committee of the Organization created an endowment fund consisting of two components: 1) funds without donor restrictions to be directed by the Executive Committee and 2) donor restricted funds to be used for purposes determined by the donor. The purpose of the endowment is to support the mission of the Organization, which is to develop resources for addressing the social needs of the community. The objective of the underlying investments within the endowment fund is to allow for growth of principal balances and to provide an income stream for uses of the Organization. The endowments must not be exposed to undue credit, interest-rate nor foreign exchange risk. Unless otherwise stated in the donor agreement, the Endowment Finance Committee shall select the investment portfolio where the endowments will be invested as described in the Endowment Investment Policy of the Organization.

The Executive Committee defined the distribution policy for the endowment fund components. The board-designated endowment fund shall obtain a principal balance of $300,000 before the principal can be used. All income, defined as actual income less any fees and excluding any gains or losses on the account, may be paid out annually and the principal of the fund shall not be invaded unless otherwise determined by a two-thirds vote of the Executive Committee. The donor restricted endowment funds are distributed based upon the wishes of the donor and vary for each fund.

The Executive Committee of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring some portion of the donor-restricted endowment to be classified as net assets with donor restrictions. As a result, the Organization classifies as net assets with donor restrictions a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

NOTE E – NET ASSETS WITH DONOR RESTRICTION (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	**$ -**	**$ 1,744,350**	**$ 1,744,350**
Board-designated endowment funds	**1,470,447**	**-**	**1,470,447**
TOTAL FUNDS	**$ 1,470,447**	**$ 1,744,350**	**$ 3,214,797**

Endowment Net Asset Composition by Type of Fund as of December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,873,570	$ 1,873,570
Board-designated endowment funds	1,550,353	-	1,550,353
TOTAL FUNDS	$ 1,550,353	$ 1,873,570	$ 3,423,923

Changes in Endowment Net Assets for the Years Ended December 31, 2018 and 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets--January 1, 2017	$ 1,386,782	$ 1,747,205	$ 3,133,987
Interest and dividends	44,469	30,387	74,856
Net appreciation (realized and unrealized)	119,102	140,521	259,623
Contributions	-	22,333	22,333
Appropriation of endowment assets for expenditure	-	(66,876)	(66,876)
Endowment net assets--December 31, 2017	$ 1,550,353	$ 1,873,570	$ 3,423,923
Interest and dividends	51,510	30,670	82,180
Net (depreciation) (realized and unrealized)	(131,416)	(152,195)	(283,611)
Contributions	-	24,638	24,638
Appropriation of endowment assets for expenditure	-	(32,333)	(32,333)
Endowment net assets--December 31, 2018	$ 1,470,447	$ 1,744,350	$ 3,214,797

NOTE E – NET ASSETS WITH DONOR RESTRICTION (continued)

A summary of net assets with donor restriction for the years ended December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
PNC Adler endowment	**$ 193,184**	$ 204,979
Huntington Andrews endowment	**1,581,528**	1,691,258
Annual campaign income designated for future periods	**609,485**	483,474
Campaign car	**24,638**	22,333
Net assets released from restriction	**(55,000)**	(45,000)
Total	**$ 2,353,835**	$ 2,357,044

NOTE F – INVESTMENTS

Investments are stated at fair value based on quoted market prices and consist of the following:

	December 31, 2018		December 31, 2017	
	Cost	**Fair Value**	Cost	Fair Value
Investments:				
Cash & cash equivalents	**$ 262,734**	**$ 262,734**	$ 284,751	$ 284,751
Equities	**1,690,393**	**1,813,984**	891,018	1,568,028
Corporate/government bonds	**415,957**	**410,153**	417,712	414,671
Mutual funds	**4,311,070**	**4,140,825**	3,875,265	4,446,234
Total Investments	**$ 6,680,154**	**$ 6,627,696**	$ 5,468,746	$ 6,713,684

Investment fees for the period ended December 31, 2018 and 2017 were $47,680 and $42,378, respectively.

NOTE G – FAIR VALUE MEASUREMENTS

The Organization has characterized its financial instruments, based on the priority of the inputs used to value the financial instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instruments.

Financial instruments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: These are financial instruments where values are based on unadjusted quoted prices for identical sets in an active market that the Organization has the ability to access.

Level 2: These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the financial instruments.

NOTE G – FAIR VALUE MEASUREMENTS (continued)

Level 3: These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Money market funds: Valued at the net asset value (NAV) using the practical expedient of shares held by the Organization at year-end.

Corporate Bonds: Certain corporate bonds are valued at the closing price reported on the active market on which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

U.S. Government Obligations: Valued on the basis of market valuations primarily furnished by an independent pricing service which employs various evaluation methods, utilizing the most appropriate method of each security. Such market valuations may represent the last quoted price on the securities' major trading exchange, quotes received from dealers or market makers in the relevant securities, or matrix pricing.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value of reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with GAAP, investments measured at net asset value as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation to the amounts presented in the Statements of Financial Position.

NOTE G – FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018 and 2017.

	As of December 31, 2018 on a Recurring Basis			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at fair value:				
Corporate bonds	**$ -**	**$ 410,153**	**$ -**	**$ 410,153**
Common stocks:				
Industrials	**198,147**	**-**	**-**	**198,147**
Telecommunications	**27,937**	**-**	**-**	**27,937**
Consumer	**282,180**	**-**	**-**	**282,180**
Other	**1,305,720**	**-**	**-**	**1,305,720**
Mutual funds:				
Fixed income funds	**1,523,515**	**-**	**-**	**1,523,515**
Other funds	**2,617,310**	**-**	**-**	**2,617,310**
Subtotal investments at fair value	**5,954,809**	**410,153**	**-**	**6,364,962**
Investments at net asset value:				
Money market				**262,734**
Total				**$ 6,627,696**

	As of December 31, 2017 on a Recurring Basis			
Description	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Corporate bonds	$ -	$ 414,671	$ -	$ 414,671
Common stocks:				
Industrials	113,085	-	-	113,085
Telecommunications	18,857	-	-	18,857
Consumer	168,288	-	-	168,288
Other	1,267,798	-	-	1,267,798
Mutual funds:				
Fixed income funds	1,557,071	-	-	1,557,071
Other funds	2,889,163	-	-	2,889,163
Subtotal investments at fair value	6,014,262	414,671	-	6,428,933
Investments at net asset value:				
Money market				284,751
Total				$ 6,713,684

NOTE H – DEFINED BENEFIT PLAN

The Organization sponsored a defined benefit pension plan (the Plan). Full-time employees over the age of 21 were eligible to participate in the Plan. The Organization's policy was to contribute amounts to the Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Organization determined to be appropriate from time to time. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In May 2007, the Executive Committee approved the freezing of the defined benefit plan effective June 30, 2008. Based upon notification from the plan administrator, a final contribution of $100,200 was made to the plan in March 2017 to satisfy the remaining distribution of plan assets. As of March 31, 2017, all assets have been distributed from the plan.

The expected long-term rate of return on Plan assets was based on the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection Economic Assumptions of Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on the Organization's historical 30 year period rolling averages. An average inflation rate within the range was selected and added to the real rate of return to arrive at a best estimate range from which the expected long-term rate of return was selected.

The Organization used a December 31 measurement date for the Plan. Summarized information for the Plan as of December 31, 2017 is as follows:

	2017
Change in benefit obligation:	
Benefit obligation at beginning of year	$ 167,997
Service cost	-
Interest cost	-
Change due to assumption changes	-
Actuarial loss	16,811
Benefits disbursed	(184,808)
Expense charges	-
Benefit obligation at end of year	$ -
Change in Plan assets:	
Fair value of Plan assets at beginning of year	$ 84,530
Actual return on Plan assets	78
Employer contributions	100,200
Benefits paid (including expense charges)	(184,808)
Fair value of Plan assets at end of year	$ -

NOTE I – DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) defined contribution pension plan covering all eligible employees. Employees may defer up to $18,500 and $18,000 of their annual compensation to the plan in 2018 and 2017. The Organization's contributions to the plan are based on 4% of employee wages. Total pension plan contributions were $15,772 and $12,424 for the years ended December 31, 2018 and 2017, respectively.

NOTE J – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Organization occasionally enters into transactions with affiliates of members of its Board of Trustees. These transactions primarily relate to depository and investment relationships with financial institutions.

NOTE K – DEFERRED COMPENSATION AGREEMENT

The Organization entered into a deferred compensation agreement ("the agreement) on May 3, 2017 with the Organization's President. For each year between 2017 and the year the President attains the age of 65 that the President remains in the full-time employ of the Organization for the entire year, the Organization's Personnel Committee will review performance and make a recommendation to the full Board as it relates to a deferred compensation award. The total deferred compensation credited to the President under this agreement will be paid in five equal annual installments, the first of which will be payable within 45 days after the President attains age 65, and the remaining four payments will be payable in annual installments with the payments being made on the month and day that the first installment was made.

NOTE L – CONCENTRATION OF RISK

The Organization maintains its cash in various financial institutions which, at times, may exceed federally insured limits, of $250,000. The Organization has not experienced any losses from such accounts, and management believes the Organization is not exposed to significant credit risk related to bank deposit accounts. The Organization maintains a major portion of its funds in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of financial position.

NOTE M – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 26, 2019, which is the date the financial statements were available to be issued.

In September 2019, the Organization began a renovation project on their building. Management has indicated that they intend to offset the final costs of the project through the solicitation of monetary, material and service donations. As of the date of the financial statements, management is unable to estimate the impact to the financial statement of any remaining costs to be funded by the Organization.

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