

Schedule of Expenditures of Federal and State Awards and Reports of Independent
Certified Public Accountants

**United Way of Metropolitan Dallas, Inc. and
United Way Foundation of Metropolitan Dallas**

June 30, 2018 and 2017

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS

Year ended June 30, 2018

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GRANT THORNTON LLP

1717 Main St., Suite 1800
Dallas, TX 75201-4657

D +1 214 561 2300
F +1 214 561 2370
S [linkd.in/grantthorntonus](https://www.linkedin.com/company/grantthorntonus)
twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Metropolitan Dallas, Inc. and
United Way Foundation of Metropolitan Dallas

We have audited the accompanying consolidated financial statements of United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas (collectively, "United Way"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way as of June 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were performed for the purpose of forming an opinion on these consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position and Consolidating Statement of Activities as of and for the year ended June 30, 2018 and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas *Single Audit Circular* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 28, 2019, on our consideration of the United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control over financial reporting and compliance.



Dallas, Texas
January 28, 2019

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,

ASSETS	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 8,926,892	\$ 4,414,721
Pledges receivable, net (Note B)		
Campaign pledges receivable	8,639,039	9,927,699
Other pledges receivable	<u>6,789,951</u>	<u>8,319,279</u>
Total pledges receivable, net	15,428,990	18,246,978
Prepaid expenses and accounts receivable	75,925	363,061
Investments, at fair value (Note C)	52,823,037	52,234,783
Beneficial interests held in trusts (Note C and D)	9,833,134	9,353,361
Land, building and equipment, net (Note E)	6,005,717	6,096,232
Other assets	<u>498,725</u>	<u>371,840</u>
Total assets	<u>\$93,592,420</u>	<u>\$91,080,976</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,385,857	\$ 2,014,658
Grants and allocations payable (Note H)	8,720,957	9,043,860
Donor designations payable	<u>4,538,874</u>	<u>2,882,582</u>
Total liabilities	15,645,688	13,941,100
Commitments (Notes G and H) and contingencies		
Net assets		
Undesignated	5,017,894	6,617,429
Board designated	<u>23,994,490</u>	<u>21,731,054</u>
Total unrestricted	29,012,384	28,348,483
Temporarily restricted (Note K)	20,914,168	21,777,814
Permanently restricted	<u>28,020,180</u>	<u>27,013,579</u>
Total net assets	<u>77,946,732</u>	<u>77,139,876</u>
Total liabilities and net assets	<u>\$93,592,420</u>	<u>\$91,080,976</u>

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Public support and revenue				
Gross campaign results (Note L)	\$ 914,975	\$ 44,558,829	\$ -	\$ 45,473,804
Less donor designations	-	(19,607,173)	-	(19,607,173)
Less provision for uncollectible pledges	<u>-</u>	<u>(2,596,247)</u>	<u>-</u>	<u>(2,596,247)</u>
Net campaign contributions	914,975	22,355,409	-	23,270,384
Designations contributed from other campaigns	62,419	73,192	-	135,611
Other contributions	1,365,734	7,681,636	1,026,827	10,074,197
Contributed goods and services (Note F)	736,186	-	-	736,186
Grant revenue	-	3,608,905	-	3,608,905
Program service fees	1,284,809	-	-	1,284,809
Interest and dividends	680,588	371,122	-	1,051,710
Net realized and unrealized gain on investments	1,351,511	928,880	-	2,280,391
Change in value of beneficial interests held in trusts	-	-	479,774	479,774
Other income	45,043	-	-	45,043
Net assets released for satisfaction of time restrictions	27,628,750	(27,628,750)	-	-
Net assets released for satisfaction of purpose restrictions	<u>8,553,578</u>	<u>(8,553,578)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	42,623,593	(1,163,184)	1,506,601	42,967,010
Grants and expenses				
Program services				
Gross distributions to agencies	43,000,401	-	-	43,000,401
Less: donor designations to agencies	<u>(19,773,289)</u>	<u>-</u>	<u>-</u>	<u>(19,773,289)</u>
Net allocations granted to agency programs	23,227,112	-	-	23,227,112
Other program expenses	<u>8,226,128</u>	<u>-</u>	<u>-</u>	<u>8,226,128</u>
Total program services	31,453,240	-	-	31,453,240
Supporting services				
Fundraising	7,628,772	-	-	7,628,772
Management and general	<u>3,078,142</u>	<u>-</u>	<u>-</u>	<u>3,078,142</u>
Total supporting services	<u>10,706,914</u>	<u>-</u>	<u>-</u>	<u>10,706,914</u>
Total expenses	42,160,154	-	-	42,160,154
Transfer	<u>200,462</u>	<u>299,538</u>	<u>(500,000)</u>	<u>-</u>
Change in net assets	663,901	(863,646)	1,006,601	806,856
Net assets, beginning of year	<u>28,348,483</u>	<u>21,777,814</u>	<u>27,013,579</u>	<u>77,139,876</u>
Net assets, end of year	<u>\$ 29,012,384</u>	<u>\$ 20,914,168</u>	<u>\$ 28,020,180</u>	<u>\$ 77,946,732</u>

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Public support and revenue				
Gross campaign results (Note L)	\$ 932,528	\$ 51,463,089	\$ -	\$ 52,395,617
Less donor designations	-	(22,453,073)	-	(22,453,073)
Less provision for uncollectible pledges	<u>-</u>	<u>(2,022,851)</u>	<u>-</u>	<u>(2,022,851)</u>
Net campaign contributions	932,528	26,987,165	-	27,919,693
Designations contributed from other campaigns	235,456	-	-	235,456
Other contributions	148,065	5,735,315	5,533,822	11,417,202
Contributed goods and services (Note F)	3,411,113	-	-	3,411,113
Grant revenue	-	3,874,171	-	3,874,171
Program service fees	1,373,429	-	-	1,373,429
Interest and dividends	587,020	288,793	-	875,813
Net realized and unrealized gain on investments	2,373,024	1,450,351	-	3,823,375
Change in value of beneficial interests held in trusts	-	-	441,516	441,516
Other income	76,358	-	-	76,358
Net assets released for satisfaction of time restrictions	29,864,691	(29,864,691)	-	-
Net assets released for satisfaction of purpose restrictions	<u>9,833,467</u>	<u>(9,833,467)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	48,835,151	(1,362,363)	5,975,338	53,448,126
Grants and expenses				
Program services				
Gross distributions to agencies	45,442,282	-	-	45,442,282
Less: donor designations to agencies	<u>(21,381,654)</u>	<u>-</u>	<u>-</u>	<u>(21,381,654)</u>
Net allocations granted to agency programs	24,060,628	-	-	24,060,628
Other program expenses	<u>9,066,176</u>	<u>-</u>	<u>-</u>	<u>9,066,176</u>
Total program services	33,126,804	-	-	33,126,804
Supporting services				
Fundraising	10,514,116	-	-	10,514,116
Management and general	<u>3,735,433</u>	<u>-</u>	<u>-</u>	<u>3,735,433</u>
Total supporting services	<u>14,249,549</u>	<u>-</u>	<u>-</u>	<u>14,249,549</u>
Total expenses	47,376,353	-	-	47,376,353
Change in net assets	1,458,798	(1,362,363)	5,975,338	6,071,773
Net assets, beginning of year	<u>26,889,685</u>	<u>23,140,177</u>	<u>21,038,241</u>	<u>71,068,103</u>
Net assets, end of year	<u>\$ 28,348,483</u>	<u>\$ 21,777,814</u>	<u>\$ 27,013,579</u>	<u>\$ 77,139,876</u>

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2018

	Program services			Supporting services			2018 Total
	Community investment	Special initiatives	Total	Fundraising	Management and general	Total	
Gross distributions to agencies	\$ 37,413,587	\$5,586,814	\$ 43,000,401	\$ -	\$ -	\$ -	\$ 43,000,401
Less donor designations to agencies	(19,773,289)	-	(19,773,289)	-	-	-	(19,773,289)
Net allocations granted to agency programs	17,640,298	5,586,814	23,227,112	-	-	-	23,227,112
Salaries and wages	2,348,994	1,077,123	3,426,117	4,694,077	1,682,764	6,376,841	9,802,958
Employee benefits	427,108	238,123	665,231	853,160	389,552	1,242,712	1,907,943
Professional fees	522,455	628,670	1,151,125	536,538	698,330	1,234,868	2,385,993
Supplies	4,258	3,047	7,305	6,233	8,285	14,518	21,823
Telephone	25,993	3,964	29,957	37,956	18,912	56,868	86,825
Postage	560	1,429	1,989	12,684	989	13,673	15,662
Occupancy	111,044	41,797	152,841	34,134	16,812	50,946	203,787
Equipment rental and maintenance	130,097	79,936	210,033	272,738	83,804	356,542	566,575
Media and printing	455,545	279,711	735,256	326,106	(5,753)	320,353	1,055,609
Mileage reimbursement	4,301	22,713	27,014	51,931	1,549	53,480	80,494
Travel	9,205	30,166	39,371	19,383	24,678	44,061	83,432
Conferences and meetings	55,644	248,522	304,166	431,377	29,214	460,591	764,757
Awards	3,905	4,115	8,020	26,159	16,862	43,021	51,041
Subscriptions and dues	329,606	139,349	468,955	121,624	65,281	186,905	655,860
Insurance	45,768	18,992	64,760	100,886	6,969	107,855	172,615
Other fees	538,734	-	538,734	1,619	722	2,341	541,075
Depreciation expense	285,092	110,162	395,254	102,167	39,172	141,339	536,593
Total	\$ 22,938,607	\$8,514,633	\$ 31,453,240	\$7,628,772	\$3,078,142	\$10,706,914	\$ 42,160,154

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2017

	Program services			Supporting services			2017 Total
	Community investment	Special initiatives	Total	Fundraising	Management and general	Total	
Gross distributions to agencies	\$ 39,250,957	\$6,191,325	\$ 45,442,282	\$ -	\$ -	\$ -	\$ 45,442,282
Less donor designations to agencies	(21,381,654)	-	(21,381,654)	-	-	-	(21,381,654)
Net allocations granted to agency programs	17,869,303	6,191,325	24,060,628	-	-	-	24,060,628
Salaries and wages	1,596,568	1,143,733	2,740,301	4,799,334	1,843,784	6,643,118	9,383,419
Employee benefits	312,995	199,209	512,204	760,012	310,129	1,070,141	1,582,345
Professional fees	1,116,852	635,855	1,752,707	3,007,882	1,185,662	4,193,544	5,946,251
Supplies	10,206	12,378	22,584	17,299	12,478	29,777	52,361
Telephone	71,873	3,061	74,934	29,591	14,895	44,486	119,420
Postage	(2,784)	3,820	1,036	16,327	803	17,130	18,166
Occupancy	162,910	(889)	162,021	46,831	23,424	70,255	232,276
Equipment rental and maintenance	219,412	83,893	303,305	244,067	105,560	349,627	652,932
Media and printing	814,106	157,992	972,098	264,773	9,490	274,263	1,246,361
Mileage reimbursement	3,370	13,348	16,718	22,351	1,350	23,701	40,419
Travel	54,961	45,615	100,576	84,438	49,919	134,357	234,933
Conferences and meetings	28,935	566,239	595,174	757,211	41,915	799,126	1,394,300
Awards	5,867	13,486	19,353	34,731	15,561	50,292	69,645
Subscriptions and dues	328,259	125,874	454,133	146,938	69,384	216,322	670,455
Insurance	58,624	913	59,537	166,557	8,198	174,755	234,292
Other fees	946,698	-	946,698	8,609	4,708	13,317	960,015
Depreciation expense	236,717	96,080	332,797	107,165	38,173	145,338	478,135
Total	\$ 23,834,872	\$9,291,932	\$ 33,126,804	\$10,514,116	\$3,735,433	\$14,249,549	\$ 47,376,353

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 806,856	\$ 6,071,773
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Proceeds from contributions restricted for long-term purposes	(1,026,827)	(5,533,822)
Depreciation	536,593	478,135
Net realized and unrealized gain on investments	(2,280,391)	(3,823,375)
Life insurance premiums expense	86,336	150,161
Change in value of beneficial interests held in trusts	(479,773)	(441,516)
Changes in operating assets and liabilities:		
Campaign pledges receivable	1,288,660	2,264,697
Other pledges receivable	1,529,328	(4,806,338)
Prepaid expenses and accounts receivable	287,136	(178,381)
Other assets	(22,619)	(22,500)
Accounts payable and accrued expenses	371,199	168,873
Grants and allocations payable	(322,903)	23,329
Donor designations payable	<u>1,656,292</u>	<u>(971,963)</u>
Net cash provided by (used in) operating activities	2,429,887	(6,620,927)
Cash flows from investing activities		
Purchases of investments	(16,707,309)	(13,263,111)
Proceeds from sales or maturities of investments	18,399,446	13,454,827
Purchase of life insurance policy	(190,602)	(219,000)
Purchase/disposal of equipment and building improvements	<u>(446,078)</u>	<u>(1,068,840)</u>
Net cash provided by (used in) investing activities	1,055,457	(1,096,124)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	<u>1,026,827</u>	<u>5,533,822</u>
Net cash provided by financing activities	<u>1,026,827</u>	<u>5,533,822</u>
Net increase (decrease) in cash and cash equivalents	4,512,171	(2,183,229)
Cash and cash equivalents, beginning of year	<u>4,414,721</u>	<u>6,597,950</u>
Cash and cash equivalents, end of year	\$ <u>8,926,892</u>	\$ <u>4,414,721</u>

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

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Metropolitan Dallas, Inc. (the “United Way”), a Texas nonprofit corporation founded in 1961, is a voluntary health and welfare organization governed by a volunteer Board of Directors (the “Board”). Its mission is to improve lives of the Metropolitan Dallas, Texas community. United Way is the largest non-governmental funder of programs to improve Education, Income and Health in Dallas, Collin, Rockwall and southern Denton counties. By breaking the cycles of dropouts, poverty and poor health for hundreds of thousands of people over the next ten years, United Way works to create long-term improvements throughout the region.

United Way Foundation of Metropolitan Dallas (the “Foundation”), a Texas nonprofit corporation, was founded in 1999 exclusively for the purpose of receiving gifts, grants, and bequests in order to establish an endowment fund for the long-term benefit of United Way. The Foundation operates an endowment, consisting of both donor-restricted endowment funds and unrestricted board-designated endowment funds. The Foundation is governed by a volunteer Board of Directors (the “Foundation Board”), which is appointed by the Board of Directors of United Way. The Foundation Board’s intent is to treat all gifts to the Foundation as a permanent endowment whereby the corpus of these gifts is held in perpetuity and only the earnings are spent. For reporting purposes, the Foundation is consolidated in United Way’s financial statements. Inter-entity transactions have been eliminated in the consolidated financial statements.

Income taxes

Both United Way and the Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Thus, no provision for income taxes is included in the accompanying combined financial statements.

United Way and the Foundation follow the accounting guidance for accounting for uncertainty in income taxes. United Way and the Foundation recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. United Way and the Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of that date. United Way and the Foundation do not believe there is any uncertainty with respect to the tax position which would result in a material change to the financial statements.

United Way and the Foundation are subject to federal and state income taxes to the extent they have unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no material income tax effects with respect to its financial statements. Management has determined that there is no material unrelated business income to report for United Way or the Foundation and has not historically filed any unrelated business income tax returns. Therefore, tax years remain open for years in which an income tax return has not been filed.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

United Way and the Foundation recognizes any interest and penalties related to income taxes. There were no interest or penalties related to income taxes that have been accrued or recognized as of and for the year ended June 30, 2018 and 2017.

On December 22, 2017, tax reform legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the Act) was passed; resulting in significant modifications to existing tax law. There were no material effects on the consolidated financial statements as a result of the Act.

Basis of Presentation

The accompanying consolidated financial statements of United Way are prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and all short-term investments with maturity dates of three months or less when purchased. United Way places its cash with high quality financial institutions which cash balances, at times, may exceed federally insured limits. United Way has not experienced any losses on such accounts.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Life Insurance Policy

As part of a planned giving program called United Way Life, sponsored by United Way Worldwide, the Foundation has purchased life insurance policies on behalf of twelve donors. No new and two new policies were purchased during fiscal years ended June 30, 2018 and 2017, respectively. The Foundation is the beneficiary of these policies. This program allows donors to utilize life insurance to accomplish their philanthropic objectives by enabling the donors to create a future legacy that will endow their annual gift into perpetuity. The donor contributes an amount sufficient to cover the annual premiums. Additionally, donors may provide funds for “matching” premiums which increases the value of the policy. The life insurance policy is issued as one single policy. The cash surrender value of the policy is included in other assets in the consolidated statements of financial position. The difference between the premium paid and the cash surrender value of the policy is expensed as fundraising expenses in the consolidated statements of activities.

Contributions

Restricted contributions are recorded at their estimated fair value when received or made rather than in the period for which the pledges are designated. Unconditional promises to give are recorded as revenue when the promise is made.

To determine the net realizable value of contributions from the annual fundraising campaign, a loss provision is calculated as a percentage of gross campaign results, including donor designations. As described above, management assesses the risks of uncollectibility to determine a reasonable loss provision. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly.

Donor Designations

Annual campaign gifts in which United Way agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the consolidated statements of activities, but are then deducted to arrive at United Way’s actual revenue and expense under accounting principles generally accepted in the United States of America (US GAAP).

United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third-party administrator to remit to the designated agencies.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments are carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Gains and losses on sales transactions are recorded when realized based on the original cost (amortized in the case of bonds) of the investments sold based on the specific identification method. Earnings from investments are recorded as interest and dividends and are reflected in the consolidated statements of activities.

Land, Building and Equipment

Land, building and equipment are stated at cost if purchased and at fair value at the date of donation if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (5 to 30 years for building and improvements and 3 to 10 years for furniture and equipment). United Way generally capitalizes all expenditures for land, buildings and equipment in excess of \$1,000.

Unrestricted Net Assets

Contributions received from third parties that are not restricted as to use or for which the donor-imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying consolidated financial statements.

Temporarily Restricted Net Assets

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, are reported as temporarily restricted net assets in the accompanying consolidated financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions. Contributions received with temporary restrictions which are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions in the accompanying statements of activities.

Permanently Restricted Net Assets

Contributions received from third parties that are restricted such that the original gift (or principal) must be maintained in perpetuity, such as a permanent endowment fund, are reported as permanently restricted net assets in the accompanying consolidated financial statements. For such contributions, only the investment return on the original principal is available for use according to donor restrictions.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed Goods and Services

Contributed goods are reflected as contributions in the accompanying consolidated financial statements at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. A number of volunteers have donated significant time and effort to United Way's fundraising campaign and its grant allocation process. The dollar value of these contributed services is not reflected in the consolidated financial statements because the nature of the services does not meet the specified criteria for recording.

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services in the consolidated statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, many expenses relate to more than one function and must be allocated among the program and supporting services benefited.

Advertising

United Way expenses advertising costs as incurred. Advertising costs were approximately \$39,400 and \$46,900 for the years ended June 30, 2018 and 2017, respectively.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU requires significant changes to the financial reporting model, including moving from three classes of net assets down to two classes, net assets with donor restrictions and net assets without donor restrictions and expanded disclosures concerning expenses and liquidity. The ASU will also require changes in the way certain information is aggregated and reported. The ASU is effective for United Way's fiscal year ending June 30, 2019. United Way has evaluated the impact of this standard noting it will significantly change the presentation of the financial statements.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for United Way's fiscal year ending June 30, 2020 and is not expected to have a material impact on the consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, Leases, which will supersede the current lease guidance in current US GAAP. The ASU requires lessees to recognize a right of use asset and a related lease liability for all leases, with the limited exception of short-term leases. The main difference with current practice is that lessees will be required to record an asset and liability for what is now considered an operating lease. The ASU is effective for United Way's fiscal year ending June 30, 2021 and is not expected to have a material impact on the consolidated statement of activities. The impact on the consolidated statements of financial position is being evaluated.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2018 are summarized as follows:

	Pledges due in less than <u>one year</u>	Pledges due within 1 to 5 <u>years</u>	Pledges due more than 5 <u>years</u>	Less unamortized present value discount	<u>Total</u>
Campaign pledges receivable:					
2018 United Way Campaign	\$ 63,442	\$ -	\$ -	\$ -	\$ 63,442
2017 United Way Campaign	8,466,772	-	-	-	8,466,772
2016 United Way Campaign	<u>108,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,825</u>
Subtotal	8,639,039	-	-	-	8,639,039
Other pledges receivable:					
Sponsorships and other	2,860,647	260,000	325,000	(180,684)	3,264,963
Foundation unrestricted	10,000	-	-	(1,150)	8,850
Foundation temporarily restricted	164,788	-	-	(18,902)	145,886
Foundation endowment gift	<u>975,268</u>	<u>2,263,333</u>	<u>650,000</u>	<u>(518,349)</u>	<u>3,370,252</u>
Subtotal	<u>4,010,703</u>	<u>2,523,333</u>	<u>975,000</u>	<u>(719,085)</u>	<u>6,789,951</u>
Total pledges receivable, net	<u>\$12,649,742</u>	<u>\$2,523,333</u>	<u>\$975,000</u>	<u>\$(719,085)</u>	<u>\$15,428,990</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - PLEDGES RECEIVABLE - Continued

Pledges receivable as of June 30, 2017 are summarized as follows:

	Pledges due in less than <u>one year</u>	Pledges due within 1 to 5 <u>years</u>	Pledges due more than 5 <u>years</u>	Less unamortized present value discount	<u>Total</u>
Campaign pledges receivable:					
2017 United Way Campaign	\$ 373,476	\$ -	\$ -	\$ -	\$ 373,476
2016 United Way Campaign	9,468,386	-	-	-	9,468,386
2015 United Way Campaign	<u>85,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,837</u>
Subtotal	9,927,699	-	-	-	9,927,699
Other pledges receivable:					
Sponsorships and other	1,704,372	1,050,000	325,000	(171,592)	2,907,780
Foundation unrestricted	11,000	10,000	-	(2,039)	18,961
Foundation temporarily restricted	300,000	185,000	50,000	(55,144)	479,856
Foundation endowment gift	<u>2,016,137</u>	<u>2,430,000</u>	<u>1,000,000</u>	<u>(533,455)</u>	<u>4,912,682</u>
Subtotal	<u>4,031,509</u>	<u>3,675,000</u>	<u>1,375,000</u>	<u>(762,230)</u>	<u>8,319,279</u>
Total pledges receivable, net	<u>\$13,959,208</u>	<u>\$3,675,000</u>	<u>\$1,375,000</u>	<u>\$(762,230)</u>	<u>\$18,246,978</u>

Allowance for doubtful accounts was approximately \$2,600,000 and \$2,000,000 as of June 30, 2018 and 2017, respectively. Pledges due in more than one year are reflected at the net present value of future cash flows. Pledges were discounted using rates from 3.25% to 4.75% at the time the pledges were made.

NOTE C - INVESTMENTS AND FAIR VALUE

The fair values of the investments at June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Certificates of deposit	\$ 9,396,824	\$12,553,459
Equity mutual funds	30,322,178	27,706,311
Fixed income mutual funds	13,102,939	11,594,177
Money market funds	<u>1,096</u>	<u>380,836</u>
Total	<u>\$52,823,037</u>	<u>\$52,234,783</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE C - INVESTMENTS AND FAIR VALUE - Continued

United Way records its financial instruments in accordance with the fair value guidance as established by the FASB. In accordance with this guidance, fair value is defined as the price United Way would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of United Way's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include certificates of deposit, mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions. United Way did not have any level 2 financial instruments for the years ended June 30, 2018 and 2017.

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Assets in this category include beneficial interests held in trusts. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

United Way's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE C - INVESTMENTS AND FAIR VALUE - Continued

The schedule below classifies United Way's investments and beneficial interests held in trusts carried at fair value based upon the three-tier hierarchy required by Accounting Standards Codification (ASC) 820:

<u>Description</u>	<u>June 30, 2018</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Certificates of deposit	\$ 9,396,824	\$ 9,396,824	\$ -	\$ -
Equity mutual funds	30,322,178	30,322,178	-	-
Fixed income mutual funds	13,102,939	13,102,939	-	-
Money market funds	1,096	1,096	-	-
Beneficial interest held in trusts:				
Split-interest agreements	<u>9,833,134</u>	<u>-</u>	<u>-</u>	<u>9,833,134</u>
Total	<u>\$62,656,171</u>	<u>\$52,823,037</u>	<u>\$-</u>	<u>\$9,833,134</u>

The schedule below summarizes the activity for the year ended June 30, 2018 for the items above which have been classified as Level 3 investments:

	<u>Beneficial interests held in trusts</u>
Beginning balance	\$9,353,361
Total net gain	<u>479,773</u>
Ending balance	<u>\$9,833,134</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE C - INVESTMENTS AND FAIR VALUE - Continued

The schedule below classifies United Way's investments and beneficial interests held in trusts carried at fair value based upon the three-tier hierarchy required by ASC 820:

<u>Description</u>	<u>June 30, 2017</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Certificates of deposit	\$12,553,459	\$12,553,459	\$ -	\$ -
Equity mutual funds	27,706,311	27,706,311	-	-
Fixed income mutual funds	11,594,177	11,594,177	-	-
Money market funds	380,836	380,836	-	-
Beneficial interest held in trusts:				
Split-interest agreements	<u>9,353,361</u>	<u>-</u>	<u>-</u>	<u>9,353,361</u>
Total	<u>\$61,588,144</u>	<u>\$52,234,783</u>	<u>\$-</u>	<u>\$9,353,361</u>

The schedule below summarizes the activity for the year ended June 30, 2017 for the items above which have been classified as Level 3 investments:

	<u>Beneficial interests held in trusts</u>
Beginning balance	\$8,911,845
Total net gain	<u>441,516</u>
Ending balance	<u>\$9,353,361</u>

Investments and Beneficial Interests Held in Trusts

The carrying amounts of investments approximate fair value based on quoted market prices. The fair value of the beneficial interests held in trusts is determined in good faith by the trustees based on estimates of the underlying investments and appropriate market indices.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE C - INVESTMENTS AND FAIR VALUE - Continued

As of June 30, 2018 and 2017, certificates of deposit are held by United Way and by the Foundation. All other investments are held by the Foundation. A professional investment advisor manages the Foundation's investments with periodic review by United Way management and the Foundation Investment Committee with approval by the Foundation's Board of Directors. The management of the Foundation and United Way do not believe their investments pose unusual market or credit risks.

Investment fees of \$50,324 and \$43,703 were incurred for the years ending June 30, 2018 and 2017, respectively, and are included in management and general expense in the accompanying consolidated statements of activities.

NOTE D - BENEFICIAL INTERESTS HELD IN TRUSTS

United Way is the beneficiary of three perpetual trusts held and administered by third party trustees. The present value of the estimated future cash receipts from the trusts (as measured by the fair value of the underlying investments at United Way's fiscal year end) was recognized as assets and contribution revenue at the date the trusts were established. Distributions from the trusts are recorded within gross campaign receipts and the carrying value of the assets is adjusted for changes in the estimates of future receipts. The changes in the value of these trusts are included in the change in value of beneficial interests held in trusts in the accompanying consolidated statements of activities.

NOTE E - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 9,458,056	\$ 9,433,206
Furniture and equipment	<u>3,140,520</u>	<u>2,719,423</u>
	12,598,576	12,152,629
Less accumulated depreciation	<u>(6,804,118)</u>	<u>(6,267,656)</u>
	5,794,458	5,884,973
Land and improvements	<u>211,259</u>	<u>211,259</u>
Total	<u>\$ 6,005,717</u>	<u>\$ 6,096,232</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE F - CONTRIBUTED GOODS AND SERVICES

Contributed services reported in the consolidated statements of activities were allocated as follows:

	<u>2018</u>	<u>2017</u>
Programs	\$281,840	\$ 557,104
Management and general	12,956	352,405
Fundraising	<u>53,725</u>	<u>1,775,467</u>
Total contributed services	<u>\$348,521</u>	<u>\$2,684,976</u>

Contributed goods reported in the consolidated statements of activities were allocated as follows:

	<u>2018</u>	<u>2017</u>
Programs	\$279,267	\$641,359
Management and general	252	-
Fundraising	<u>71,716</u>	<u>39,115</u>
Total contributed goods	<u>\$351,235</u>	<u>\$680,474</u>

Public Service announcements of \$306,784 for the fiscal year ending June 30, 2018 and \$609,931 for the fiscal year ending June 30, 2017 were included in contributed goods and services on the consolidated statement of activities and in media and printing on the consolidated statement of functional expenses.

There were contributed goods of \$0 and \$103,520, respectively, capitalized as of June 30, 2018 and 2017. Additionally, prepaid in-kind goods unamortized as of June 30, 2018 and 2017 were \$39,881 and \$0, respectively.

In-kind revenue as of June 30, 2018 reflects a balance that is \$36,430 greater than in-kind expense for the period. In-kind, prepaid advertising of \$100,000 was included in revenue during the year ending June 30, 2018. \$60,119 of this was expensed as in-kind advertising as it was used during the year ending June 30, 2018.

NOTE G - OPERATING LEASES

United Way has entered into operating lease agreements expiring through 2022 for various office equipment. Minimum future rental payments under these leases as of June 30, 2018 is \$33,565.

Rent expense for the years ended June 30, 2018 and 2017 was approximately \$65,700 and \$73,900, respectively.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - GRANT ALLOCATIONS AND COMMITMENTS TO AGENCY PROGRAMS

In June 2018 the United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2018 through December 31, 2018. Additionally, prior to June 30, 2018, the United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2018 through June 30, 2019. Accordingly, as of June 30, 2018, a liability of \$8,720,957 was recorded for the unconditional grants pledged, and not yet paid as of that date.

In addition, an estimate was made of community fund and program initiative grant allocations expected to be paid to agency programs for the period beginning January 1, 2019 through June 30, 2019, which is conditional upon the results of campaign collections. These conditional pledges total approximately \$8,703,772 and have not been accrued in the consolidated statements of financial position because a firm commitment has not been made.

In June 2017, United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2017 through December 31, 2017. Additionally, prior to June 30, 2017, United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2017 through June 30, 2018. Accordingly, as of June 30, 2017, a liability of \$9,043,860 was recorded for the unconditional grants pledged, and not yet paid as of that date.

In addition, an estimate was made of community fund and program initiative grant allocations expected to be paid to agency programs for the period beginning January 1, 2018 through June 30, 2018, which is conditional upon the results of campaign collections. These conditional pledges total approximately \$8,900,000 and have not been accrued in the consolidated statements of financial position because a firm commitment has not been made.

NOTE I - GOVERNMENTAL CAMPAIGNS

United Way participates in local campaigns in the Metropolitan Dallas area on behalf of the Combined Federal Campaign, the State Employee Charitable Campaign and the City of Dallas Employee Charitable Campaign. Through these campaigns, donors designate their gifts to a wide variety of charitable organizations, and United Way honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at §950.301(e)(2)(i). United Way acts as a federation level entity for these campaigns.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - ENDOWMENT FUNDS

The Foundation’s endowment consists of individual endowment funds established for the exclusive purpose of operating for the benefit of United Way. The endowment includes funds that are both donor-restricted endowment funds and funds designated by the Foundation Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted endowment funds represent those funds designated by the Board at the inception of the endowment plus general public contributions, estate settlement and contributions not supported by an endowment.

Interpretation of Relevant Law

The Foundation interprets the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) enacted by the State of Texas as allowing the Foundation, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of the donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; and 6) other resources of United Way.

Endowment net asset composition by type of fund consists of the following as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$3,372,085	\$18,187,046	\$21,559,131
Board-designated endowment funds	<u>23,665,145</u>	<u>-</u>	<u>-</u>	<u>23,665,145</u>
Total endowment net assets	<u>\$23,665,145</u>	<u>\$3,372,085</u>	<u>\$18,187,046</u>	<u>\$45,224,276</u>

Endowment net asset composition by type of fund consists of the following as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$2,348,202	\$17,660,219	\$20,008,421
Board-designated endowment funds	<u>21,858,935</u>	<u>-</u>	<u>-</u>	<u>21,858,935</u>
Total endowment net assets	<u>\$21,858,935</u>	<u>\$2,348,202</u>	<u>\$17,660,219</u>	<u>\$41,867,356</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - ENDOWMENT FUNDS - Continued

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$21,858,935	\$ 2,348,202	\$17,660,219	\$41,867,356
Investment return:				
Investment income	527,254	369,532	-	896,786
Net appreciation (unrealized and realized)	<u>1,362,086</u>	<u>928,612</u>	-	<u>2,290,698</u>
Total investment return	1,889,340	1,298,144	-	3,187,484
Contributions	1,257,915	767,488	1,026,827	3,052,230
Transfers	200,462	505,802	(500,000)	206,264
Appropriation of assets for expenditure	<u>(1,541,507)</u>	<u>(1,547,551)</u>	-	<u>(3,089,058)</u>
Endowment net assets, end of year	<u>\$23,665,145</u>	<u>\$ 3,372,085</u>	<u>\$18,187,046</u>	<u>\$45,224,276</u>

Changes in endowment net assets for the year ended June 30, 2017, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$20,651,337	\$ 1,880,496	\$12,126,397	\$34,658,230
Investment return:				
Investment income	493,620	288,793	-	782,413
Net appreciation (unrealized and realized)	<u>2,408,507</u>	<u>1,450,351</u>	-	<u>3,858,858</u>
Total investment return	2,902,127	1,739,144	-	4,641,271
Contributions	28,451	207,138	5,533,822	5,769,411
Appropriation of assets for expenditure	<u>(1,722,980)</u>	<u>(1,478,576)</u>	-	<u>(3,201,556)</u>
Endowment net assets, end of year	<u>\$21,858,935</u>	<u>\$ 2,348,202</u>	<u>\$17,660,219</u>	<u>\$41,867,356</u>

Return Objective and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowments include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - ENDOWMENT FUNDS - Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, United Way relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation. The Foundation's investment objectives are to generate sufficient long-term growth of capital without undue exposure to risk, to provide for spending distributions when needed, and to enhance the real purchasing power of the investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The primary long-term management objective of the Foundation's board-designated and donor-restricted endowment funds (the "Endowment Fund") is to ensure safety and preservation of principal, to achieve a satisfactory risk – adjusted total rate of return on assets under management, to maintain sufficient liquidity to meet operating and distribution needs, and to seek at all times to maintain public trust by adhering to the above stated objectives.

The previous spending policy allowed a maximum of 5% of the twelve-quarter rolling average of the portfolio's market value, or the most recent quarter's closing market value, whichever was lower. Other funds could be appropriated as deemed necessary by the Foundation Board from time to time. During the year ended June 30, 2017, the Board made a distribution to the United Way of \$1,420,820 which represented approximately 4.5% of the average market value of the 12-quarter rolling average balance at December 31, 2016. This was approved by the Foundation Board during the fiscal year ended June 30, 2017.

During the year ended June 30, 2018, the Foundation Board made a change to the spending policy whereby the Foundation distributes the higher of \$2,500,000 or 4.5% of the twelve-quarter rolling average of the portfolio's market value, or the most recent quarter's closing market value, whichever is lower. As a result, the Foundation distribution to United Way for the year ended June 30, 2018 is \$2,500,000. This was approved by the Foundation Board during the fiscal year ended June 30, 2018.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The aggregate amount of funds that had fallen below their original gift value was \$0 as of June 30, 2018 and 2017.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE K - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017 have been restricted by donors as follows:

	<u>2018</u>	<u>2017</u>
Time-restricted for use in fiscal year 2018	\$ -	\$17,360,243
Time-restricted for use in fiscal year 2019	16,018,895	730,601
Time-restricted for use in fiscal year 2020	343,318	-
Time/Purpose-restricted in endowment	3,372,085	2,348,202
Purpose restricted in Foundation	220,168	503,058
Programs, Events, fundraising and other	<u>959,702</u>	<u>835,710</u>
 Total temporarily restricted net assets	 <u>\$20,914,168</u>	 <u>\$21,777,814</u>

NOTE L - GROSS CAMPAIGN RESULTS-RECONCILIATION

Consistent with United Way Worldwide total resources generated policy, United Way includes in its publicly-announced campaign totals those amounts raised for the governmental campaigns and regional United Way campaigns, as well as donations paid directly to third-party processors by donors. For financial reporting purposes, appropriate adjustments are made to the announced campaign totals to arrive at gross campaign results. The following schedules reconcile the announced campaign results to the gross campaign results reported in the consolidated statement of activities for the years ended June 30, 2018 and 2017:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Publicly announced campaign results	\$ 65,446,025	\$ 68,080,003
Planned giving revocable gifts	(1,000,000)	(3,050,000)
Grant revenue counted but not yet recognized	(4,736,196)	(2,554,503)
Results reflected in other contributions, other campaign and grant revenue	(10,329,809)	(11,772,658)
Timing differences between campaign year and fiscal year	(4,882,935)	760,247
Adjustments to previous results	<u>976,719</u>	<u>932,528</u>
 Gross campaign results	 <u>\$ 45,473,804</u>	 <u>\$ 52,395,617</u>

Planned giving revocable gifts represent gift expectancies, such as a will, a retirement plan insurance policy, where United Way has documentation of being named as a beneficiary. These gifts are not recorded in the consolidated financial statements because they are revocable by the donor and realization by United Way is uncertain. United Way Worldwide policy and industry guidelines for reporting and counting charitable gifts dictate including these expectancies in campaign results.

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE L - GROSS CAMPAIGN RESULTS-RECONCILIATION - Continued

Grant revenue counted but not yet recognized is a Federal and State award to United Way from the Texas Department of Family and Protective Services. This award is payable to United Way on a cost-reimbursement basis. Therefore, per generally accepted accounting principles the revenue is not recorded until related costs are incurred.

Results reflected in other contributions, other campaign and grant revenue represent amounts that are included on the consolidated statements of activities, in those respective line items, but not as a component of gross campaign results. These amounts are related to federal and state award revenue, estate settlement proceeds, sponsorship funds and designation revenue from other campaigns.

Timing differences between campaign year and fiscal year represent primarily 2017 campaign year contributions recognized in the year ended June 30, 2017, but announced during the year ended June 30, 2018 and contributions recognized in campaign reporting but not included as financial revenue in the year ended June 30, 2018.

Adjustments to previous results are additional contributions received from previous campaigns reflected as unrestricted gross campaign results on the consolidated statements of activities.

NOTE M - EMPLOYEE RETIREMENT PLAN

United Way has a defined contribution pension plan (the "Plan") for the benefit of its employees. Employees are eligible to contribute to the Plan on the first day of the month, following thirty days after their hire date. After one year of service, United Way makes contributions to each participating employee's account based on percentages of employee compensation. Employees receive 5% of their base compensation plus a 50% match of their contributions up to 4% of their base compensation. United Way contributed approximately \$431,000 and \$397,000 to the Plan for the years ended June 30, 2018 and 2017, respectively.

NOTE N - SUBSEQUENT EVENTS

United Way has evaluated its consolidated financial statements for subsequent events through January 28, 2019, the date the consolidated financial statements were available to be issued. United Way is not aware of any such events which would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	United Way of Metropolitan Dallas, Inc.	United Way Foundation of Metropolitan Dallas	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 8,776,403	\$ 150,489	\$ -	\$ 8,926,892
Pledges receivable, net (Note B)				
Campaign pledges receivable	8,639,039	-	-	8,639,039
Other pledges receivable	<u>3,264,963</u>	<u>3,524,988</u>	<u>-</u>	<u>6,789,951</u>
Total pledges receivable, net	11,904,002	3,524,988	-	15,428,990
Prepaid expenses and accounts receivable	75,925	-	-	75,925
Due from Foundation	1,806,057	-	(1,806,057)	-
Investments, at fair value (Note C)	9,265,881	43,557,156	-	52,823,037
Beneficial interests held in trusts (Note C and D)	9,833,134	-	-	9,833,134
Land, building, and equipment, net (Note E)	6,005,717	-	-	6,005,717
Other assets	<u>151,512</u>	<u>347,213</u>	<u>-</u>	<u>498,725</u>
Total assets	<u>\$47,818,631</u>	<u>\$47,579,846</u>	<u>\$(1,806,057)</u>	<u>\$93,592,420</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 2,385,857	\$ -	\$ -	\$ 2,385,857
Due to UWMD	-	1,806,057	(1,806,057)	-
Grants and allocations payable (Note H)	8,720,957	-	-	8,720,957
Donor designations payable	<u>4,538,874</u>	<u>-</u>	<u>-</u>	<u>4,538,874</u>
Total liabilities	15,645,688	1,806,057	(1,806,057)	15,645,688
Net assets				
Undesignated	5,017,894	-	-	5,017,894
Board designated	<u>-</u>	<u>23,994,490</u>	<u>-</u>	<u>23,994,490</u>
Total unrestricted	5,017,894	23,994,490	-	29,012,384
Temporarily restricted (Note K)	17,321,915	3,592,253	-	20,914,168
Permanently restricted	<u>9,833,134</u>	<u>18,187,046</u>	<u>-</u>	<u>28,020,180</u>
Total net assets	<u>32,172,943</u>	<u>45,773,789</u>	<u>-</u>	<u>77,946,732</u>
Total liabilities and net assets	<u>\$47,818,631</u>	<u>\$47,579,846</u>	<u>\$(1,806,057)</u>	<u>\$93,592,420</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2018

	United Way of Metropolitan Dallas, Inc.				United Way Foundation of Metropolitan Dallas				Unrestricted Eliminations	Consolidated			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:													
Gross campaign results (Note L)	\$ 914,975	\$ 44,558,829	\$ -	\$ 45,473,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,975	\$ 44,558,829	\$ -	\$ 45,473,804
Less donor designations	-	(19,607,173)	-	(19,607,173)	-	-	-	-	-	-	(19,607,173)	-	(19,607,173)
Less provision for uncollectible pledges	-	(2,596,247)	-	(2,596,247)	-	-	-	-	-	-	(2,596,247)	-	(2,596,247)
Net campaign contributions	914,975	22,355,409	-	23,270,384	-	-	-	-	-	914,975	22,355,409	-	23,270,384
Designations contributed from other campaigns	62,419	73,192	-	135,611	-	-	-	-	-	62,419	73,192	-	135,611
Other contributions	2,607,818	6,802,030	-	9,409,848	1,257,916	879,606	1,026,827	3,164,349	(2,500,000)	1,365,734	7,681,636	1,026,827	10,074,197
Contributed goods and services (Note F)	736,186	-	-	736,186	-	-	-	-	-	736,186	-	-	736,186
Grant revenue	-	3,608,905	-	3,608,905	-	-	-	-	-	-	3,608,905	-	3,608,905
Program service fees	1,284,809	-	-	1,284,809	-	-	-	-	-	1,284,809	-	-	1,284,809
Interest and dividends	153,334	-	-	153,334	527,254	371,122	-	898,376	-	680,588	371,122	-	1,051,710
Net realized and unrealized gain (loss) on investments	(10,575)	-	-	(10,575)	1,362,086	928,880	-	2,290,966	-	1,351,511	928,880	-	2,280,391
Change in value of beneficial interests held in trusts	-	-	479,774	479,774	-	-	-	-	-	-	-	479,774	479,774
Other income	45,043	-	-	45,043	-	-	-	-	-	45,043	-	-	45,043
Net assets released for satisfaction of time restrictions	26,081,199	(26,081,199)	-	-	1,547,551	(1,547,551)	-	-	-	27,628,750	(27,628,750)	-	-
Net assets released for satisfaction of purpose restrictions	8,362,976	(8,362,976)	-	-	190,602	(190,602)	-	-	-	8,553,578	(8,553,578)	-	-
Total public support and revenue	40,238,184	(1,604,639)	479,774	39,113,319	4,885,409	441,455	1,026,827	6,353,691	(2,500,000)	42,623,593	(1,163,184)	1,506,601	42,967,010
Grants and expenses													
Program services:													
Gross distributions to agencies	43,000,401	-	-	43,000,401	-	-	-	-	-	43,000,401	-	-	43,000,401
Less: donor designations to agencies	(19,773,289)	-	-	(19,773,289)	-	-	-	-	-	(19,773,289)	-	-	(19,773,289)
Net allocations granted to agency programs	23,227,112	-	-	23,227,112	-	-	-	-	-	23,227,112	-	-	23,227,112
Other program expenses	7,687,394	-	-	7,687,394	3,038,734	-	-	3,038,734	(2,500,000)	8,226,128	-	-	8,226,128
Total program services	30,914,506	-	-	30,914,506	3,038,734	-	-	3,038,734	(2,500,000)	31,453,240	-	-	31,453,240
Supporting services:													
Fundraising	7,542,436	-	-	7,542,436	86,336	-	-	86,336	-	7,628,772	-	-	7,628,772
Management and general	3,027,818	-	-	3,027,818	50,324	-	-	50,324	-	3,078,142	-	-	3,078,142
Total supporting services	10,570,254	-	-	10,570,254	136,660	-	-	136,660	-	10,706,914	-	-	10,706,914
Total expenses	41,484,760	-	-	41,484,760	3,175,394	-	-	3,175,394	(2,500,000)	42,160,154	-	-	42,160,154
Transfers	-	-	-	-	200,462	299,538	(500,000)	-	-	200,462	299,538	(500,000)	-
Change in net assets	(1,246,576)	(1,604,639)	479,774	(2,371,441)	1,910,477	740,993	526,827	3,178,297	-	663,901	(863,646)	1,006,601	806,856
Net assets, beginning of year	6,264,470	18,926,554	9,353,360	34,544,384	22,084,013	2,851,260	17,660,219	42,595,492	-	28,348,483	21,777,814	27,013,579	77,139,876
Net assets, end of year	\$ 5,017,894	\$ 17,321,915	\$ 9,833,134	\$ 32,172,943	\$ 23,994,490	\$ 3,592,253	\$ 18,187,046	\$ 45,773,789	\$ -	\$ 29,012,384	\$ 20,914,168	\$ 28,020,180	\$ 77,946,732

GRANT THORNTON LLP

1717 Main St., Suite 1800
Dallas, TX 75201-4657

D +1 214 561 2300
F +1 214 561 2370
S [linkd.in/granthorntonus](https://www.linkedin.com/company/granthorntonus)
twitter.com/granthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
United Way of Metropolitan Dallas, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas (“United Way”), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2019.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered United Way’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of United Way’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of United Way’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in United Way’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether United Way's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas
January 28, 2019

GRANT THORNTON LLP

1717 Main St., Suite 1800
Dallas, TX 75201-4657

D +1 214 561 2300
F +1 214 561 2370
S [linkd.in/grantthorntonus](https://www.linkedin.com/company/grantthorntonus)
twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors of
United Way of Metropolitan Dallas, Inc.

Report on compliance for each major federal and state program

We have audited the compliance of United Way of Metropolitan Dallas, Inc. ("United Way") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* and the State of Texas *Single Audit Circular* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018. United Way's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to United Way's federal and state programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of Texas *Single Audit Circular*. Those standards, the Uniform Guidance and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on each major federal and state program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on internal control over compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal and state program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in United Way's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas *Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas
January 28, 2019

United Way of Metropolitan Dallas, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2018

<u>Grantor Agency / Pass-through Agency / Program Title</u>	<u>Federal CFDA /State Award Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>	<u>Pass-Through to Subrecipients</u>
Expenditures of Federal Financial Assistance:				
U.S. Department of Health and Human Services				
Pass-through from: Texas Department of Family and Protective Services				
Maternal, Infant, and Early Childhood				
Home Visiting (MIECHV) Cluster:				
MIECHV Texas Home Visiting Program	93.505	529-12-0029-00004	\$ 168,850	\$ 152,771
MIECHV Texas Home Visiting Program	93.505	529-15-0053-00004	231,741	204,297
MIECHV Texas Home Visiting Program	93.505	24486013	<u>74,519</u>	<u>65,070</u>
Total 93.505			475,110	422,138
MIECHV Texas Home Visiting Program	93.870	24486013	774,711	681,546
MIECHV Texas Home Visiting Program	93.870	529-15-0053-00004	<u>617,482</u>	<u>533,066</u>
Total 93.870			<u>1,392,193</u>	<u>1,214,612</u>
Total U.S. Department of Health and Human Services			\$1,867,303	\$1,636,750
Internal Revenue Service				
Volunteer Income Tax Assistance (VITA)	21.009		<u>120,000</u>	<u>120,000</u>
Total Federal Financial Assistance			\$1,987,303	\$1,756,750
Expenditures of State Financial Assistance:				
Texas Department of Family and Protective Services				
Healthy Outcomes through Prevention and Early Support (HOPES)	24304273		\$1,621,602	\$1,081,462
Total State Financial Assistance			\$1,621,602	\$1,081,462
Total Federal and State Financial Assistance			\$3,608,905	\$2,838,212

The accompanying notes are an integral part of this schedule.

United Way of Metropolitan Dallas, Inc.

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2018

NOTE A - GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards (the “Schedule”) presents the activity of all applicable federal and state awards of United Way of Metropolitan Dallas, Inc. (“United Way”). Direct federal awards and those federal awards passed through other government agencies are included.

NOTE B - BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the accrual basis of accounting. The information in the Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of the State of Texas *Single Audit Circular* included in the *Uniform Grant Management Standards* issued by the Governor’s Office of Budget and Planning of the State of Texas. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE C - NON-CASH ASSISTANCE

United Way has not received any non-cash assistance, such as commodities, food stamps, or surplus property, insurance provided by a federal or state agency, or federal or state loans and/or loan guarantees.

NOTE D - INDIRECT COSTS

United Way has elected to use the 10% de minimis indirect cost rate.

United Way of Metropolitan Dallas, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

United Way of Metropolitan Dallas, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS - Continued

Identification of major programs:

<u>CFDA/State Identifying Number</u>	<u>Name of Federal and State Program</u>
Major Federal Program: 93.505 and 93.870	Maternal, Infant, and Early Childhood Home Visiting Cluster
Major State Program: 24304273	Healthy Outcomes through Prevention and Early Support (HOPES)

Dollar threshold used to distinguish between type A and type B programs:

Federal:	\$750,000
State:	\$750,000
Auditee qualified as low-risk auditee - Federal?	Yes
Auditee qualified as low-risk auditee - State?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were noted that are required to be reported.

SECTION III - FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

No matters were noted that are required to be reported.

United Way of Metropolitan Dallas, Inc.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2018

Findings:

No prior year findings were reported