UNITED WAY OF SALT LAKE

FINANCIAL STATEMENTS

Year Ended June 30, 2017
With Summarized Comparative Information
for the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of United Way of Salt Lake

We have audited the accompanying financial statements of United Way of Salt Lake (a Utah nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Salt Lake as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Salt Lake's 2016 financial statements, and our report dated November 10, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 12, 2017

UNITED WAY OF SALT LAKE

To STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 2,753,134	$ 5,704,552
Contributions receivable, net	10,306,119	11,125,395
Prepaid expenses	5,523	-
Property and equipment, net	245,398	282,873
Investments	9,170,326	9,282,225
Other investments	400,000	-
Restricted cash	837,796	1,085,733
Other assets	3,262,209	2,412,377
Beneficial interests in charitable trusts	16,663	16,663
TOTAL ASSETS	$ 26,997,168	$ 29,909,818
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 676,478	$ 388,996
Due to partners	1,372,596	1,973,046
Due to other United Ways	645,453	621,066
Long-term debt	4,645,787	3,135,709
Other liabilities	193,680	214,036
TOTAL LIABILITIES	7,533,994	6,332,853
NET ASSETS		
Unrestricted		
Undesignated	11,083,976	11,822,412
Board designated	1,035,165	938,941
Temporarily restricted	7,242,063	10,713,642
Permanently restricted	101,970	101,970
TOTAL NET ASSETS	19,463,174	23,576,965
TOTAL LIABILITIES AND NET ASSETS	$ 26,997,168	$ 29,909,818

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Summarized Comparative Totals 2016
SUPPORT, REVENUE, AND GAINS					
Campaign contributions for 2017 and 2016:					
Contributions made in 2017 and 2016	$ 6,686,887	$ 900,599	$ -	$ 7,587,486	$ 7,486,011
Cornerstone Partners contributions	-	1,507,309	-	1,507,309	1,702,867
Less donor designations	(1,993,086)	-	-	(1,993,086)	(2,198,173)
Campaign 2017 and 2016 results	4,693,801	2,407,908	-	7,101,709	6,990,705
Changing the Odds contributions	-	289,098	-	289,098	1,953,875
2-1-1 call center contributions	890,625	11,667	-	902,292	660,000
Community impact initiative contributions	1,662,635	177,500	-	1,840,135	65,394
Sponsorships	376,593	195,532	-	572,125	464,155
Other contributions	-	-	-	-	69,717
In-kind contributions	204,365	-	-	204,365	43,594
Return on investments	612,496	-	-	612,496	156,178
Change in interests in charitable trusts	-	-	-	-	(9,731)
Miscellaneous income	345,708	-	-	345,708	106,778
	4,092,422	673,797	-	4,766,219	3,509,960
TOTAL SUPPORT, REVENUE, AND GAINS	8,786,223	3,081,705	-	11,867,928	10,500,665
NET ASSETS RELEASED FROM RESTRICTIONS	6,553,284	(6,553,284)	-	-	-
TOTAL SUPPORT, REVENUE, AND GAINS	$ 15,339,507	$ (3,471,579)	$ -	$ 11,867,928	$ 10,500,665

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES – CONTINUED

Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Summarized Comparative Totals 2016
EXPENSES					
Program Services					
Program expense	$ 13,202,718	$ -	$ -	$ 13,202,718	$ 12,086,878
Less donor designations	(1,993,086)	-	-	(1,993,086)	(2,198,173)
Total Program Services	11,209,632	-	-	11,209,632	9,888,705
Supporting Services	4,203,617	-	-	4,203,617	3,241,766
TOTAL EXPENSES	15,413,249	-	-	15,413,249	13,130,471
LOSS ON UNCOLLECTIBLE CONTRIBUTIONS	(568,470)	-	-	(568,470)	(290,000)
CHANGE IN NET ASSETS	(642,212)	(3,471,579)	-	(4,113,791)	(2,919,806)
NET ASSETS, BEGINNING OF YEAR	12,761,353	10,713,642	101,970	23,576,965	26,496,771
NET ASSETS, END OF YEAR	$ 12,119,141	$ 7,242,063	$ 101,970	$ 19,463,174	$ 23,576,965

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

		SUPPORTING SERVICES				
	Total Program Services	Management and General	Resource Development	Total Supporting Services	Totals 2017	Summarized Comparative Totals 2016
Salaries and related expenses	$ 3,577,195	$ 895,296	$ 1,667,519	$ 2,562,815	$ 6,140,010	$ 5,241,041
Advertising	132,434	89	108,539	108,628	241,062	3,051
Occupancy and parking	173,241	43,425	91,884	135,309	308,550	274,132
Events	166,660	8,935	308,862	317,797	484,457	576,940
United Way Worldwide dues	-	101,351	12,309	113,660	113,660	112,516
Depreciation and amortization	53,892	14,543	29,748	44,291	98,183	94,708
Postage	9,477	1,149	11,896	13,045	22,522	30,426
Printing and visual media	29,413	4,017	21,435	25,452	54,865	97,267
IT outsourcing	43,170	9,209	20,791	30,000	73,170	68,193
Telephone	77,598	4,512	12,735	17,247	94,845	89,796
Professional services	174	52,483	632	53,115	53,289	55,008
Consultant fees	339,421	30,002	33,437	63,439	402,860	284,542
Trainings and conferences	75,391	4,280	47,305	51,585	126,976	160,623
Local meetings	44,934	10,056	15,114	25,170	70,104	102,805
Memberships and subscriptions	5,135	7,899	6,601	14,500	19,635	16,479
Awards and gifts	10,903	9,488	3,062	12,550	23,453	22,606
Repairs and maintenance	314	327	427	754	1,068	967
Electronic pledge fees	-	-	-	-	-	4,649
Miscellaneous expenses	-	993	-	993	993	-
Insurance	19,553	8,006	10,246	18,252	37,805	63,520
Software support	563,383	168,785	188,541	357,326	920,709	205,093
Local transportation	17,437	6,299	5,923	12,222	29,659	33,620
Supplies	29,418	3,878	17,224	21,102	50,520	49,316
Interest expense	182,721	-	-	-	182,721	49,030
Grants to community partners	5,657,768	-	-	-	5,657,768	5,450,549
In-kind goods and services	-	-	204,365	204,365	204,365	43,594
Totals	$ 11,209,632	$ 1,385,022	$ 2,818,595	$ 4,203,617	$ 15,413,249	$ 13,130,471

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,113,791)	$ (2,919,806)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in fair value of beneficial interests in charitable trusts	-	9,731
Depreciation and amortization	98,183	94,708
Loss on uncollectible contributions	568,470	290,000
Change in discount on contributions receivable	(289,097)	(56,225)
Unrealized gains on investments	(404,476)	(138,344)
Realized (gains) losses on sale of investments	(92,397)	113,694
Stock donation	(10,142)	-
Decrease (increase) in operating assets:		
Contributions receivable	539,903	1,898,680
Prepaid expenses	(5,523)	31,161
Other assets	(849,832)	(1,210,237)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	287,482	(169,221)
Due to partners	(600,450)	246,985
Due to other United Ways	24,387	283,526
Other liabilities	(20,356)	(13,563)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(4,867,639)	(1,538,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(905,992)
Purchase of other investments	(80,000)	-
Proceeds from sale of investments	617,764	1,313,088
Decrease in restricted cash	247,937	179,604
Purchase of property and equipment	(60,708)	(115,760)
NET CASH FLOWS FROM INVESTING ACTIVITIES	724,993	470,940
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,570,125	1,138,500
Payments on long-term debt	(380,047)	(176,291)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,190,078	962,209
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,952,568)	(105,762)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,704,552	5,810,314
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,751,984	$ 5,704,552
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Cash paid for interest	$ 136,900	$ 91,200
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisiton of other investment through incurrence of long-term debt	$ 320,000	$ -

See Notes to Financial Statements

(1) Summary of significant accounting policies

Nature of operations – United Way of Salt Lake ("UWSL") is a nonprofit organization, incorporated in the state of Utah, governed by a volunteer Board of Directors that is comprised of business and community leaders. Board members are nominated from the community by a Nominating Committee comprised of at least five members of the Board of Directors. The stated mission of UWSL is to build powerful partnerships that achieve lasting social change. UWSL works to create an inclusive community where all people achieve their human potential through education, financial stability, and healthy lives.

Comprehensive research has identified issues related to education, financial stability and health as the primary drivers of self-sufficiency. As a result, UWSL focuses its work in these areas. To most effectively address these complex issues, UWSL develops comprehensive, cross-sector partnerships that work together to achieve population-level results (in addition to individual/program-level results). These "Promise Partnerships" build cradle-to-career infrastructure and focus their efforts in neighborhoods and communities (or on populations) where the needs are greatest and where key partners are willing to work together. The strategies, programs, and services implemented by these partnerships (involving hundreds of community partners, schools and businesses) happens through regional and community-focused "collaborative action networks," and through "community schools" or neighborhood centers that function as hubs of services and supports for their communities. UWSL also operates a 2-1-1 Information and Referral Service, provides grants to a limited number of community partners working outside of the Promise Partnerships that provide basic needs services of food, shelter, health and safety to the general population within Salt Lake, Summit, Davis and Tooele Counties, and distributes resources to more than 200 additional nonprofit organizations at the specific request of individual donors. UWSL advocates at all levels of government on a public policy agenda that is tied to its areas of focus, which are education, financial stability, health, and basic needs.

Basis of presentation – The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, UWSL is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are those whose use by UWSL can be for any purpose to support UWSL. Temporarily restricted net assets are those whose use by UWSL has been limited by donors to a specific time period, purpose, or both. Although temporarily restricted net assets are typically reported as support that increases restricted net assets, they are reported as unrestricted net assets if the restrictions are met in the same reporting period. Permanently restricted net assets have been restricted by donors to be maintained by UWSL in perpetuity.

Prior year summarized comparative information – The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with UWSL's financial statements for the year ended June 30, 2016, from which the summarized comparative information was derived.

(1) Summary of significant accounting policies (continued)

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP 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.

Cash and cash equivalents – UWSL considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Contributions receivable – Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, UWSL's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount is recorded as temporarily restricted contributions in the statement of activities.

UWSL uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management's analysis of specific balances.

Property and equipment – Property and equipment are recorded on the basis of cost for items purchased or estimated fair market value at the date of gift for donated items. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. UWSL capitalizes property and equipment with a cost over $500 and an estimated useful life of two years or more. Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

Assets	**Estimated Useful Lives**
Furniture, fixtures, and equipment	3 - 10 years
Leasehold improvements	6 - 10 years
Computer equipment	2 - 7 years
Software	2 - 7 years
Vehicles	3 - 5 years
2-1-1 call center equipment	3 - 7 years

(1) Summary of significant accounting policies (continued)

Long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to net future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2017 and 2016.

Investments – UWSL reports investments in equity securities that have readily determinable fair values, and all investments in debt securities at fair value. The fair values of investments are based on quoted market prices. Investments 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 risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Other investments – Investments in unconsolidated joint ventures or affiliates over which UWSL has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus UWSL's equity in the undistributed earnings or losses since acquisition. Investments in joint ventures over which UWSL does not have the ability to exert significant influence over the investee's operating and financing activities are accounted for under the cost method of accounting. UWSL's investment in United Way Digital Holdings, LLC is accounted for under the cost method due to management's current assessment of UWSL's lack of influence over this joint venture. In February 2017, UWSL invested $400,000 in the form of a cash payment of $80,000 and a promissory note due in the amount of $320,000 for an approximate 3% membership interest. UWSL entered into a subscription agreement with United Way Digital Holdings, LLC to purchase the remaining $320,000 of membership units. See also Note 8.

Agency transactions – UWSL, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other United Ways. These donations are transferred to the designated recipients based on the wishes of the donor.

Contributions – Donations are primarily obtained from corporations, individuals and foundations. Organizations and individuals may choose to designate all or part of their contributions to specific programs. In addition, contributions are received from federal, state and local government grants. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts that are restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

(1) Summary of significant accounting policies (continued)

The temporary restrictions on assets as of June 30, 2017 and 2016, relate to the collections and pledges which are designated for allocation during future years, including Cornerstone Partners contributions, and other contributions which, at the direction of the donor, are to be used in specific programs and have not been expended at year end.

The permanent restrictions on assets as of June 30, 2017 and 2016, relate to UWSL's beneficial interests in charitable trusts and endowments.

Cornerstone Partners contributions – Contributions for UWSL's Cornerstone Partners program consist of agreements with various corporations and foundations that specifically designate their contributions to be utilized for supporting service expenses of UWSL so that the maximum amount of each individual contribution received can go toward supporting programs and initiatives that benefit the community. The Cornerstone Partners' support also allows UWSL to direct individual designations received to any qualified nonprofit organization, other local United Ways and UWSL initiatives, while deducting very little for administrative costs or processing fees. Additionally, unrestricted revenue from other sources, including administrative fees on non-Cornerstone Partners' corporate gifts, sponsorships, investment revenue and other miscellaneous revenues are utilized for supporting service expenses.

In-kind contributions – Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWSL.

UWSL receives donated specialized consulting services, printing, radio, newspaper, and television advertising, prizes for special events, catering and other goods and services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. For the years ended June 30, 2017 and 2016, $142,763 and $0, respectively, have been reflected in the financial statements for volunteer services that met the criteria for recognition.

Functional expenses – UWSL follows guidelines established by United Way Worldwide's "Functional Expenses and Overhead Reporting Standards" for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon project codes, the "full-time equivalent" and other accepted methods of cost allocation. The categories for reporting functional expenses are as follows:

(1) Summary of significant accounting policies (continued)

Program services

Community/Collective Impact – Collective Impact is a rigorous approach to collaboration in which cross-sector partners share accountability for population-level results and use data to develop aligned and mutually-reinforcing strategies. UWSL's focus is on building cradle to career civic infrastructure that advances education, financial stability and health outcomes within the Salt Lake region. Together with its many partners, UWSL works to create a vision and set goals, align programs, activities and strategies, support continuous improvement and measure success by tracking and sharing data, and engage the broader community.

UWSL serves in the unique and critical role of "backbone" to facilitate these partnerships and to bring people and organizations together to align efforts and resources. This ensures that there is a pipeline of support for children and their families from birth to career.

Through collaboration with many community partners, UWSL's Promise Partnerships work to achieve eight main goals: 1) infants and toddlers demonstrate age-appropriate development; 2) children enter kindergarten ready to learn; 3) students achieve on grade level in reading, math and science; 4) students graduate from high school and are college or career ready; 5) students enroll in and complete post-secondary education; 6) families gain the income and financial tools to thrive; 7) children and families develop healthy behaviors and improve their overall health; 8) people's most basic needs of food, shelter, health and safety are met.

Through UWSL's community schools and neighborhood centers, which are located in some of the community's most economically-challenged neighborhoods in Bountiful, Clearfield, Salt Lake City, South Salt Lake, Kearns, West Valley City, Midvale and Park City, parents receive adult education courses including employment readiness, financial management, language, and computer classes. Kids can get involved in academic and youth development activities, including after-school and tutoring, mentoring and reading programs, physical activities, art and other enrichment opportunities. On-site basic health screenings, mental and dental health services and preventative care are also provided.

Promise Partnership community schools and neighborhood centers are located within already existing facilities in schools, apartment complexes, and community centers, so that valuable and scarce resources go directly to programs and services, rather than to constructing buildings.

UWSL works as an integral partner with schools, cities, state government, businesses, churches and nonprofits to guide the vision and strategies, build public will, support aligned activities, establish shared measurement systems, mobilize funding, advance public policies and engage volunteers.

(1) Summary of significant accounting policies (continued)

United Way 2-1-1 – UWSL has responsibility for much of the state's 2-1-1 Information and Referral System ("2-1-1"), with United Way of Utah County providing 2-1-1 service in the central part of the state. It is a statewide service that is an easy-to-remember information and referral telephone number that people dial to get connected and receive answers. 2-1-1 connects people to important health, human and community service programs, including: emergency food pantries, rental assistance, public health clinics, legal aid, and a variety of nonprofit and government agencies. Individuals, families and corporate and religious groups can dial 2-1-1 to get connected to meaningful volunteer opportunities. People can also access 2-1-1 services by going to the 2-1-1 website.

Supporting services

Management and general – Includes overall direction and administration of UWSL and ensures that UWSL is well-managed; is responsible for strategic planning and overall development of organization; develops and strengthens community relationships, including maintaining a strong and effective Board of Directors, has responsibility for all staff functions, including hiring, training, human resource management, and benefits administration; properly and accurately maintains general records; is responsible for fiscal management, including financial statements, audits, contributions and accounts receivable, accounts payable and in-kind contributions.

Resource development – Develops, implements and refines overarching resource development plans to secure resources necessary to support the organizational mission and business model. Researches, develops and implements new strategies and best practices to strengthen current resource development efforts. Increases revenue by broadening the base of support through innovation and development of new revenue streams. Cultivates and stewards relationships with current and prospective donors through personal contact, including phone calls, email, written correspondence and visits. Engages staff and the Board of Directors in the process to cultivate donors and secure revenue. Develops, implements, and manages current and prospective donor cultivation and stewardship practices. Works with the Marketing Department to develop and produce all of the organizational materials such as brochures, pledge forms, posters, banners and other collateral materials including advertising, media coverage, special events, audio/visual materials, and all forms of social media. In cooperation with the Collective Impact Department, researches and writes foundation and government grants to secure restricted revenue for specific projects to advance UWSL's work.

Advertising costs – Advertising costs are expensed when incurred. Advertising expense was $241,062 and $3,051 for the years ended June 30, 2017 and 2016, respectively, out of which approximately $163,000 and $0 was donated advertising for the years ended June 30, 2017 and 2016, respectively. Amounts not donated in-kind is sponsored directly through corporate advertising sponsors.

(1) Summary of significant accounting policies (continued)

Income taxes – UWSL is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been reflected in UWSL's financial statements. UWSL evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. UWSL management does not believe there are any material uncertain tax positions and, accordingly, UWSL has not recognized any liability for unrecognized tax benefits.

UWSL's policy is to record income tax penalties and interest expense in its financial statements. During the years ended June 30, 2017 and 2016, UWSL incurred no penalties and interest. UWSL's Federal Return of Organizations Exempt from Income Tax (Form 990) for 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed. As of the date of this report, UWSL's 2017 return had not yet been filed.

Fair value measurements – FASB ASC 820*, Fair Value Measurements,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWSL has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(1) Summary of significant accounting policies (continued)

Recent accounting pronouncements – In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised 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 entity should apply the following steps:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted under several options, the earliest for a year beginning after December 15, 2017, and interim periods within that year.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in ASU 2014-15 are intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. FASB ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning December 15, 2016. The Organization has adopted the ASU 2014-15 in 2017 with no significant impact to the financial statements.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606),* which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. UWSL is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

(1) **Summary of significant accounting policies (continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. UWSL is currently evaluating the effect that the adoption of this standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 requires not-for-profit entities to have two classes of net assets, those that have donor restrictions and those that do not, as opposed to the current requirement of three classes. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. UWSL management has elected not to early adopt ASU 2016-14.

(2) Contributions receivable

Contributions receivable include campaign, community impact initiative, and Changing the Odds contributions. Contributions receivable consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Amounts due in:		
Less than one year	$ 10,409,818	$ 9,320,442
One to five years	1,610,000	3,239,279
Totals	12,019,818	12,559,721
Less allowance for uncollectible contributions	(1,628,470)	(1,060,000)
Less unamortized discount	(85,229)	(374,326)
Contributions receivable, net	$ 10,306,119	$ 11,125,395

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 1.15% to 2.55%.

(3) Property and equipment

The cost and related accumulated depreciation and amortization of property and equipment as of June 30, 2017 and 2016 consisted of the following:

	2017	2016
Cost		
Furniture, fixtures, and equipment	$ 102,083	$ 95,469
Leasehold improvements	150,610	149,723
Computer equipment	245,538	198,323
Software	157,048	152,648
Vehicle	25,304	25,304
2-1-1 call center equipment	125,996	124,407
Total cost	806,579	745,874
Less accumulated depreciation and amortization	(561,181)	(463,001)
Property and equipment, net	$ 245,398	$ 282,873

Depreciation and amortization expense charged to operations was $98,183 and $94,708 for the years ended June 30, 2017 and 2016, respectively.

(4) Investments

Investments by major type as of June 30, 2017 and 2016 consisted of the following:

	2017	2016
Certificates of deposit	$ 3,453,808	$ 3,999,634
Exchange traded funds	5,190,464	2,882,133
Preferred stock	136,850	132,850
Mutual funds - bonds	282,334	1,444,968
Mutual funds - equities	106,870	822,640
Total investments	$ 9,170,326	$ 9,282,225

Investment returns for the year ended June 30, 2017, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 174,976	$ -	$ -	$ 174,976
Realized gains on sale of investments	92,397	-	-	92,397
Unrealized gains (losses) on investments	404,476	-	-	404,476
Investment advisor fees	(59,353)	-	-	(59,353)
Totals	$ 612,496	$ -	$ -	$ 612,496

Investment returns for the year ended June 30, 2016, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 159,437	$ 22,325	$ -	$ 181,762
Realized losses on sale of investments	(113,694)	-	-	(113,694)
Unrealized gains (losses) on investments	140,624	(2,280)	-	138,344
Investment advisor fees	(46,763)	(3,471)	-	(50,234)
Totals	$ 139,604	$ 16,574	$ -	$ 156,178

(5) Split-interest agreements and beneficial interests in charitable support trusts

UWSL is a co-beneficiary of a charitable remainder unitrust ("CRUT") that terminates after the death of the primary beneficiary. UWSL will receive 33% of the remaining principal and income, if any, upon termination of the trust. UWSL's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted.

UWSL is also a beneficiary of two irrevocable perpetual charitable support trusts ("CSTs", "CSTI" or "CSTII"). After the death of the donor, the CSTs were funded by a CRUT that was established to fund the CSTs. Under the CSTI and CSTII agreements, 50% and 60%, respectively, of the total annual income of the CSTs will be distributed to multiple beneficiaries, in specific percentages. UWSL will receive 12.5% and 8.0% from CSTI and CSTII, respectively, of the total annual income of the CSTs and is then required to apportion and distribute 40% of the income it receives from the CSTs directly to two other designated co-beneficiary organizations.

Additionally, the trustees of CSTI and CSTII will meet annually to determine what, if any, portion of the other 50% and 40%, respectively, of the income and distributable principal, according to the trustees' discretion, to allocate and distribute between the beneficiaries. UWSL will recognize the trust income received as unrestricted support revenue with a corresponding donor designation contra support revenue and due to partners payable for the 40% portion owed to the two other designated co-beneficiary organizations.

During the years ended June 30, 2017 and 2016, UWSL recognized income from the CSTs totaling $81,640 and $84,100, respectively, which was recorded as unrestricted support revenue. During the years ended June 30, 2017 and 2016, UWSL also recorded donor designation contra support revenue of $32,656, and $33,640, respectively, representing the co-beneficiaries' 40% interest in the income received. As of June 30, 2017 and 2016, UWSL recorded a due to partners payable of $28,016 and $33,640, respectively.

UWSL has attempted to obtain and determine the fair values of UWSL's portion of the net assets of the CSTs. No such information is available to determine a fair value in the net assets of the CSTs and accordingly, no permanently restricted beneficial interests in charitable support trust asset and corresponding permanently restricted support revenue will be recognized in the financial statements due to the inability to obtain the information from the CSTs. UWSL will continue to monitor and assess information available to determine the fair value of the CSTs and will record the asset and related revenue if and when the information is available.

(6) Due to partners

Payments due to partners consisted of donor contributions designated for partners of $1,372,596, net of an allowance for uncollectible designated contributions of $0, as of June 30, 2017. Payments due to partners consisted of donor contributions designated for partners of $1,973,046, net of an allowance for uncollectible designated contributions of $0, as of June 30, 2016. Payments due to other United Ways were $645,453 and $621,066 as of June 30, 2017 and 2016, respectively.

(7) Board designated net assets

Board designated net assets consisted of board designated endowment funds of $1,035,165 and $938,941 as of June 30, 2017 and 2016, respectively. Board designated endowment funds as of June 30, 2017 and 2016, includes $518,284 and $486,272, respectively, for the Deborah S. Bayle Scholarship Fund for Youth.

(8) Long-term debt

In August 2013, a Social Impact Bond program for early childhood education was established in Utah. Through a partnership led by UWSL, a Utah High Quality Preschool Program ("UHQPP") was established with funding from private investors ("Lenders"). UHQPP is established to deliver high impact and targeted curriculum to increase readiness and academic performance among 3 and 4 year olds. By entering kindergarten better prepared, it is expected that fewer children will need special education and remedial service in kindergarten through the 12^{th} grade, which results in cost saving for school districts and the State of Utah.

The State of Utah did not initially join the program as a repayment partner in 2013. However, in March of 2014, the Utah State Legislature passed House Bill ("HB") 96, the Utah School Readiness Initiative, and allocated funds to support grants to education agencies and private providers to increase the quality of early childhood programming throughout Utah. As such, UHQPP is comprised of two parts:

(1) Proof of Concept, or first cohort (commencing with school year 2013 – 2014); and
(2) State of Utah HB96, or second through fifth cohorts (commencing each school year after school year 2013 – 2014 for the school years 2014-2018).

Children selected for UHQPP are given the Peabody Picture Vocabulary Test, a predictive evaluation that serves as an indicator of their likely usage of resource special education and remedial services. Students that test two standard deviations below the mean are therefore likely to use special education services and are tracked as they progress through each year. These students form the separate annual cohorts and associated payment cohorts.

Success of UHQPP is evaluated by an independent evaluator each year and every year a student in a payment cohort does not use resource special education services, Success Payments will be generated and paid to the Lenders.

(8) **Long-term debt (continued)**

Funding for the first cohort occurred in August 2013, the second cohort occurred in September 2014, the third cohort occurred in October 2015 and the fourth cohort occurred in October 2016. The funding for the first four cohorts has been entered into between UWSL and the same private lender which holds the senior loan agreements and the same private lender that holds the subordinate loan agreements. The loans for cohort 1 bear interest at 5% per year calculated on a simple interest basis and mature eight years after the initial advance date. An additional feature of the loans for cohort 1 provide for the possibility of additional "success payments" to investors based on the success of the program. The loans for cohorts 2 through 5 bear interest which is capped at 5% above the Municipal Market Data General Obligation Bond Rate as of the date the contract is executed. The interest rate on cohorts 1 through 4 was 5% as of June 30, 2017. Principal and interest payments are due under both the senior and subordinate loans on the anniversary date of the initial advance, beginning on the third anniversary of the initial advance.

Upon maturity of the senior loans and subordinate loans and after application in full of all Success Payments, and subject to any liability that UWSL may have under limited resource carve-out agreements, the senior lender and the subordinate lender shall forgive any unpaid obligations with respect to any unpaid principal balance and any accrued and unpaid interest of the senior loans and subordinate loans, respectively.

The funding balances for the cohorts are as follows:

First Cohort
A principal amount of $1,110,000 was borrowed by UWSL on the first cohort. In association with the funds, UWSL transferred funds totaling $1,262,500 into a separate restricted cash Performance Account. Pursuant to the independent evaluator's report, Success Payments in the total amount of $267,478 and $250,142 were distributed to the lenders in September 2015 and October 2016, respectively. As of June 30, 2017 and 2016, the Performance Account balance was $837,786 and $1,085,733, respectively, including total interest earned for the years ended June 30, 2017 and 2016 of $1,171 and $1,454, respectively.

As of June 30, 2017, the outstanding balance associated with the first cohort on the senior loan and the subordinate loan was $365,181 and $369,999, respectively, and the total accrued interest on the loans was $27,468, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

As of June 30, 2016, the outstanding balance associated with the first cohort on the senior loan and the subordinate loan was $563,710 and $369,999, respectively, and the total accrued interest on the loans was $44,121, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

(8) Long-term debt (continued)

Success Payments, as defined in the loan agreements, are an amount equal to a percentage of the Per Child Success Amount, which is equal to a specified rate per child. Prior to the repayment of principal and interest, the payments to Lenders are based on an amount which is 95% of the Per Child Success Amount. Subsequent to the payment of principal and interest for the first cohort only, additional Success Fees may be paid and are based on a reduced percentage of the Per Child Success Amount, which is 40%. For the first cohort, all payments to Lenders are limited to the total amount held in the Performance Account.

Second Cohort

A principal amount of $1,063,500 was borrowed by UWSL on the second cohort. For the second cohort, UWSL will act as a contractor for the School Readiness Board agency ("SRB") of the State of Utah with oversight responsibility and the State of Utah will provide the funding through the SRB. The additional funding that UWSL expects to receive from the State of Utah to repay the second cohort loans is recorded in other assets in the amount of $788,458 and $1,078,504, as of June 30, 2017 and 2016, respectively.

After funding the 2014 – 2015 school year, subsequent investments will be made based on the availability of funds from the State of Utah. If the preschool program does not result in increased school readiness and decreased use of special education services, then there is no obligation on the part of the State of Utah or UWSL to repay the loan. The Lenders retain the risk of non-payment under the agreement.

As of June 30, 2017, the outstanding balance associated with the second cohort on the senior loan and the subordinate loan was $527,482 and $354,500, respectively, and the accrued interest on the loans was $19,845, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. Corresponding amounts of accrued interest receivable are included in other assets on the accompanying statements of financial position.

As of June 30, 2016, the outstanding balance associated with the second cohort on the senior loan and the subordinate loan was $709,000 and $354,500, respectively, and the accrued interest on the loans was $53,028, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Success Payments to the Lenders will be made equal to 95% of the Per Child Success Amount, which is equal to a specified rate per child for every year from kindergarten through sixth grade. The State of Utah will retain 5.0% of the Per Child Success Amount for each year from kindergarten through sixth grade or until the lenders have received the maximum payment amount based on an interest rate not to exceed 5.0% more than the Municipal Market Data General Obligation Bond AAA scale for a 10 year maturity. From the seventh grade through twelfth grade, the State of Utah retains 100% of the avoided costs.

(8) Long-term debt (continued)

Third Cohort

A principal amount of $1,138,500 was borrowed by UWSL on the third cohort. For the third cohort, UWSL will act as a contractor for the SRB of the State of Utah with oversight responsibility and the State of Utah will provide the funding through the SRB. The additional funding that UWSL expects to receive from the State of Utah to repay the third cohort loans is recorded in other assets in the amounts of $1,219,909 and $1,214,469 as of June 30, 2017 and 2016, respectively.

After funding the 2015 – 2016 school year, subsequent investments will be made based on the availability of funds from the State of Utah. If the preschool program does not result in increased school readiness and decreased use of special education services, then there is no obligation on the part of the State of Utah to repay the loan. The Lenders retain the risk of non-payment under the agreement.

As of June 30, 2017, the outstanding balance associated with the third cohort on the senior loan and the subordinate loan was $759,000 and $379,500, respectively, and the accrued interest on the loans was $77,363, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. Corresponding amounts of accrued interest receivable are included in other assets on the accompanying statements of financial position.

As of June 30, 2016, the outstanding balance associated with the third cohort on the senior loan and the subordinate loan was $759,000 and $379,500, respectively, and the accrued interest on the loans was $22,941, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Success Payments to the Lenders will be made equal to 95% of the Per Child Success Amount, which is equal to a specified rate per child for every year from kindergarten through sixth grade. The State of Utah will retain 5.0% of the Per Child Success Amount for each year from kindergarten through sixth grade or until the lenders have received the maximum payment amount based on an interest rate not to exceed 5.0% more than the Municipal Market Data General Obligation Bond AAA scale for a 10 year maturity. From the seventh grade through twelfth grade, the State of Utah retains 100% of the avoided costs.

Fourth Cohort

A principal amount of $1,570,125 was borrowed by UWSL on the fourth cohort. For the fourth cohort, UWSL will act as a contractor for the SRB of the State of Utah with oversight responsibility and the State of Utah will provide the funding through the SRB. The additional funding that UWSL expects to receive from the State of Utah to repay the fourth cohort loans is recorded in other assets in the amount of $1,131,319, as of June 30, 2017. After funding the 2016 – 2017 school year, subsequent investments will be made based on the availability of funds from the State of Utah. If the preschool program does not result in an increased school readiness and decreased use of special education services, then there is no obligation on the part of the State of Utah to repay the loan. The Lenders retain the risk of non-payment under the agreement.

(8) Long-term debt (continued)

As of June 30, 2017, the outstanding balance associated with the fourth cohort on the senior loan and the subordinate loan was $1,046,750 and 523,375, respectively, and the accrued interest on the loans was $33,353, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. Corresponding amounts of accrued interest receivable are included in other assets on the accompanying statements of financial position.

Success payments to the Lenders will be made equal to 95% of the Per Child Success Amount, which is equal to a specified rate per child for every year from kindergarten through sixth grade. The State of Utah will retain 5.0% of the Per Child Success Amount for each year from kindergarten through sixth grade or until the lenders have received the maximum payment amount based on an interest rate not to exceed 5.0% more than the Municipal Market Data General Obligation Bond AAA scale for a 10 year maturity. From the seventh grade through the twelfth grade, the State of Utah retains 100% of the avoided costs.

Promissory note
In February 2017, UWSL invested $400,000 in United Way Digital Holdings, LLC, which included a cash payment of $80,000 and the incurrence of $320,000 of long-term debt by entering into a promissory note payable for this amount to United Way Digital Holdings, LLC. The promissory note has a fixed interest rate of 4.0%, payable monthly, and the principal is payable in four equal installments of $80,000 beginning February 2018 and concluding in February 2021.

(9) Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2017 and 2016:

	2017	2016
Changing the Odds	$ 3,388,583	$ 7,437,395
Cornerstone Partners	1,507,308	1,702,867
Other restricted grants	500,000	213,130
Women's Leadership Council	1,052,917	702,318
Sponsorships	430,532	328,750
Endowment	362,723	329,182
Total temporarily restricted net assets	$ 7,242,063	$ 10,713,642

Temporarily restricted net assets released from restrictions totaled $6,553,284 and $7,133,568 for the years ended June 30, 2017 and 2016, respectively. Net assets released from restrictions relate to collections on contributions receivable and the satisfaction of time and purpose restrictions on funds as specified by donors.

(10) Permanently restricted net assets

Permanently restricted net assets consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Beneficial interests in charitable trusts	$ 16,663	$ 16,663
Children's Initiative Endowment Investment	50,000	50,000
Davis County Endowment Investment	35,307	35,307
Total permanently restricted net assets	$ 101,970	$ 101,970

(11) Endowment

UWSL's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Directors of UWSL has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as adopted by the State of Utah, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, UWSL classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWSL in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWSL considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

(11) Endowment (continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 362,723	$ 85,307	$ 448,030
Board-designated endowment funds	1,035,165	-	-	1,035,165
Total endowment net assets	$ 1,035,165	$ 362,723	$ 85,307	$ 1,483,195

Endowment net asset composition by type of fund as of June 30, 2016 consisted of the following:

Donor-restricted endowment funds	$ (335)	$ 329,182	$ 85,307	$ 414,154
Board-designated endowment funds	938,941	-	-	938,941
Total endowment net assets	$ 938,606	$ 329,182	$ 85,307	$ 1,353,095

Changes in endowment net assets for the fiscal year ended June 30, 2016

Changes in endowment net assets for the year ended June 30, 2017 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 938,606	$ 329,182	$ 85,307	$ 1,353,095
Investment return:				
Interest and dividends	32,994	8,792	-	41,786
Net appreciation (realized and unrealized)	73,583	28,649	-	102,232
Investment advisor fees	(10,018)	(3,900)	-	(13,918)
Total investment return	96,559	33,541	-	130,100
Endowment net assets, end of year	$ 1,035,165	$ 362,723	$ 85,307	$ 1,483,195

(11) Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2016 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 917,135	$ 320,822	$ 85,307	$ 1,323,264
Investment return:				
Interest and dividends	20,856	8,120	-	28,976
Net appreciation (realized and unrealized)	9,530	3,711	-	13,241
Investment advisor fees	(8,915)	(3,471)	-	(12,386)
Total investment return	21,471	8,360	-	29,831
Endowment net assets, end of year	$ 938,606	$ 329,182	$ 85,307	$ 1,353,095

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 applicable state law requires UWSL to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were $0 and $335 as of June 30, 2017 and 2016, respectively. Deficiencies resulted from unfavorable market fluctuations.

Return objectives and risk parameters – UWSL has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed appropriate nationally recognized performance indices (benchmarks) selected by the Investment Committee over a five-year rolling time period. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, UWSL relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWSL targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and are made when deemed appropriate. A guideline for distributions from the endowment fund earnings, on a fiscal year basis, is defined as 50% of the investment income growth (including income and capital appreciation), of the endowment funds, unless otherwise recommended by the Board of Directors.

(11) Endowment (continued)

This is consistent with UWSL's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. There were no amounts appropriated for expenditures during the years ended June 30, 2017 and 2016.

(12) Designated grants

Community impact initiative contributions for the years ended June 30, 2017 and 2016 consisted of the following:

	2017	2016
2-1-1 call center	$ 902,292	$ 660,000
Women's Leadership Council	97,035	65,394
Community learning centers	1,325,575	-
Community development grants	417,525	-
Total	$ 2,742,427	$ 725,394

(13) Grants to community partners

Grants to community partners for the years ended June 30, 2017 and 2016, consisted of the following:

	2017	2016
Grants to impact partners	$ 5,657,768	$ 5,450,549
Total	$ 5,657,768	$ 5,450,549

(14) Leases

UWSL leases office space and equipment under non-cancelable operating leases. Lease expense for these leases was approximately $332,000 and $256,000 for the years ended June 30, 2017 and 2016, respectively.

Future aggregate minimum lease payments under existing non-cancelable leases as of June 30, 2017 are as follows:

Years Ending June 30,	
2018	$ 258,400
2019	264,700
2020	270,500
2021	272,500
2022	225,800
Total future minimum lease payments	$ 1,291,900

(15) Concentrations of credit and market risks

Primarily all of UWSL's revenues and receivables are from businesses and individuals located in the Davis, Salt Lake, Summit, and Tooele County areas in the state of Utah. UWSL maintains cash and investments in bank and brokerage accounts which at times may exceed their federally insured limits of $250,000 set by the Federal Deposit Insurance Corporation. UWSL has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

UWSL also maintains accounts with stock brokerage firms and has beneficial interests in charitable trusts which maintain accounts with brokerage firms. The accounts contain cash, securities and other investments. The balances are insured by the Securities Investors Protection Corporation up to a ceiling of $500,000 with a $250,000 limit for cash claims. UWSL's investments in securities and beneficial interests in charitable trusts are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(16) Related party transactions

UWSL purchases legal, advertising and investment management services from three companies that employ three members of the Board of Directors. UWSL's Board Governance Committee reviews related party transactions for potential conflicts of interest. Payments and recognized donated services from these companies for the years ended June 30, 2017 and 2016 consisted of the following:

	2017	2016
Legal services	$ 1,965	$ 7,929
Advertising services	142,763	3,051
Investment management services	18,801	13,054
Total	$ 163,529	$ 24,034

(17) Retirement plan

UWSL sponsors a 403(b) plan (the "Plan"), which reports on a calendar year. Benefits under the Plan are provided through a group annuity contract. Employer matching contributions to the Plan are equal to 100% of employee elective deferrals up to 6% of eligible gross wages. Employer contributions made to the Plan were $252,492 and $186,426 for the years ended June 30, 2017 and 2016, respectively.

(18) Fair value measurements

Assets measured at fair value on a recurring basis as of June 30, 2017 consisted of the following:

	Level 1	Level 2	Level 3	Balance as of June 30, 2017
Certificates of deposit	$ -	$ 3,453,808	$ -	$ 3,453,808
Exchange traded funds	5,190,464	-	-	5,190,464
Preferred stock	136,850	-	-	136,850
Mutual funds - bonds	282,334	-	-	282,334
Mutual funds - equities	106,870	-	-	106,870
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 5,716,518	$ 3,453,808	$ 16,663	$ 9,186,989

Assets measured at fair value on a recurring basis as of June 30, 2016 consisted of the following:

	Level 1	Level 2	Level 3	Balance as of June 30, 2016
Certificates of deposit	$ -	$ 3,999,634	$ -	$ 3,999,634
Exchange traded funds	2,882,133	-	-	2,882,133
Preferred stock	132,850	-	-	132,850
Mutual funds - bonds	1,444,968	-	-	1,444,968
Mutual funds - equities	822,640	-	-	822,640
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 5,282,591	$ 3,999,634	$ 16,663	$ 9,298,888

The investments in certificates of deposit are valued using the estimated cash flows based on terms such as the fixed rate of return as compared to the benchmark interest rates, which are market observable.

Beneficial interests in charitable trusts are valued using estimated rates of return on the assets held by the charitable trusts, the expected cash flows to be received when the assets are distributed from the trusts and the fair value of the underlying assets held by the trusts.

For the Level 2 and Level 3 assets, there were no changes in the valuations techniques during the years ended June 30, 2017 and 2016.

(18) Fair value measurements (continued)

The table below presents the change in fair value measurements that used Level 3 inputs during the years ended June 30, 2017 and June 30, 2016:

	2017	2016
Balance, beginning of year	$ 16,663	$ 26,394
Settlements	-	-
Net unrealized gains (losses)	-	(9,731)
Balance, end of year	$ 16,663	$ 16,663

Net unrealized gains and losses on Level 3 instruments have been recorded in the statement of activities under the caption "change in interests in charitable trusts."

(19) Subsequent events

UWSL has evaluated subsequent events through October 12, 2017, which is the date these financial statements were available to be issued.