CAPITAL AREA UNITED WAY

FINANCIAL STATEMENTS

JUNE 30, 2019

P&N
Postlethwaite & Netterville

CAPITAL AREA UNITED WAY

FINANCIAL STATEMENTS

JUNE 30, 2019

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P&N
Postlethwaite & Netterville

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Capital Area United Way
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Capital Area United Way (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the Capital Area United Way as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the current fiscal year. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 22 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
January 31, 2020

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Cash and cash equivalents	$ 4,984,098	$ 5,120,169
Certificates of deposit	1,081,380	1,064,470
Campaign pledges receivable , net of allowances for doubtful accounts of $370,869 and $385,750, respectively	2,354,307	2,798,833
Building lease receivable, net of discount of $195,359 and $228,353, respectively	977,641	1,046,647
Other receivables	2,408,173	8,881
Prepaid expenses and other current assets	46,739	58,359
Investments	400,336	376,514
Property and equipment, net	91,164	112,857
Total assets	$ 12,343,838	$ 10,586,730

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Designations payable	$ 606,692	$ 963,280
Accounts payable	14,817	3,226
Other accrued expenses	87,329	98,748
Unfunded pension obligation	207,956	233,303
Deferred revenue	122,641	103,154
Total liabilities	1,039,435	1,401,711
NET ASSETS		
Without donor restrictions	4,828,548	2,296,696
With donor restrictions	6,475,855	6,888,323
Total net assets	11,304,403	9,185,019
Total liabilities and net assets	$ 12,343,838	$ 10,586,730

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

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Annual campaign, net			
Current year campaign	$ -	$ 5,948,367	$ 5,948,367
Prior year campaign	270,494	-	270,494
Less: donor designations	-	(454,724)	(454,724)
Less: estimated bad debts	(3,239)	(519,506)	(522,745)
	267,255	4,974,137	5,241,392
Future campaigns, net	-	122,437	122,437.00
Total annual campaign, net	267,255	5,096,574	5,363,829
Program grants	286,356	153,330	439,686
Donated goods and services	18,022	-	18,022
Sponsorship revenue	148,552	-	148,552
Investment revenues	111,220	-	111,220
Special events	61,832	-	61,832
Flood relief	-	-	-
Settlement revenues	2,951,973	-	2,951,973
Other revenues	92,611	-	92,611
	3,937,821	5,249,904	9,187,725
Net assets released from restrictions	5,662,372	(5,662,372)	-
Total revenues and support	9,600,193	(412,468)	9,187,725
EXPENSES:			
Program services:			
Gross funds awarded	4,402,594	-	4,402,594
Less: donor designations	(588,512)	-	(588,512)
	3,814,082	-	3,814,082
Community impact programs	1,260,845	-	1,260,845
Total program services	5,074,927	-	5,074,927
Management and general	992,808	-	992,808
Fundraising	1,025,953	-	1,025,953
Total expenses	7,093,688	-	7,093,688
Excess of revenues over (under) expenses	2,506,505	(412,468)	2,094,037
Change in funded status of pension plan	25,347	-	25,347
CHANGE IN NET ASSETS	$ 2,531,852	$ (412,468)	$ 2,119,384

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

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
	$ -	$ 6,975,999	$ 6,975,999
	287,130	-	287,130
	-	(1,383,079)	(1,383,079)
	(88,983)	(419,282)	(508,265)
	198,147	5,173,638	5,371,785
	-	72,231	72,231
	198,147	5,245,869	5,444,016
	-	396,844	396,844
	41,621	-	41,621
	75,012	34,379	109,391
	27,942	-	27,942
	37,610	-	37,610
	-	615	615
	-	-	-
	31,482	-	31,482
	411,814	5,677,707	6,089,521
	8,010,117	(8,010,117)	-
	8,421,931	(2,332,410)	6,089,521
	6,930,017	-	6,930,017
	(890,728)	-	(890,728)
	6,039,289	-	6,039,289
	751,199	-	751,199
	6,790,488	-	6,790,488
	899,672	-	899,672
	961,239	-	961,239
	8,651,399	-	8,651,399
	(229,468)	(2,332,410)	(2,561,878)
	(35,190)	-	(35,190)
	$ (264,658)	$ (2,332,410)	$ (2,597,068)

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			
	Community Impact	Management and General	Fundraising	Total
Community impact funds	$ 4,167,144	$ -	$ -	$ 4,167,144
Less: donor designations	(588,512)	-	-	(588,512)
Disaster awards	148,450	-	-	148,450
Other program awards	87,000	-	-	87,000
	3,814,082	-	-	3,814,082
Salaries and wages	341,703	385,794	374,771	1,102,268
Payroll taxes	25,055	28,287	27,479	80,821
Employee benefits	103,453	116,802	113,465	333,720
Campaign supplies and expenses	50,668	57,205	55,571	163,444
Conferences, conventions, and travel	6,550	7,395	7,184	21,129
Depreciation	6,725	7,593	7,375	21,693
Donated goods and services	-	-	18,022	18,022
Dues and subscriptions	2,345	2,647	2,571	7,563
Equipment rental and repairs	40,266	45,462	44,162	129,890
Occupancy	35,712	40,320	39,168	115,200
Office supplies and postage	7,994	9,025	8,767	25,786
Professional fees	555,059	235,437	228,710	1,019,206
Program materials and expenses	78,461	-	-	78,461
Telephone and communications	6,854	7,739	7,518	22,111
United Way of America dues	-	49,102	91,190	140,292
	1,260,845	992,808	1,025,953	3,279,606
Total expenses	$ 5,074,927	$ 992,808	$ 1,025,953	$ 7,093,688

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

2018			
Community Impact	Management and General	Fundraising	Total
$ 5,541,189	$ -	$ -	$ 5,541,189
(890,728)	-	-	(890,728)
1,337,657	-	-	1,337,657
51,171	-	-	51,171
6,039,289	-	-	6,039,289
346,916	391,680	380,489	1,119,085
25,983	29,335	28,497	83,815
95,845	108,212	105,121	309,178
67,620	76,345	74,164	218,129
5,045	5,696	5,534	16,275
9,206	10,394	10,097	29,697
-	-	41,621	41,621
2,841	3,208	3,116	9,165
37,700	42,565	41,348	121,613
33,542	37,870	36,787	108,199
8,783	9,917	9,633	28,333
110,197	124,416	120,862	355,475
-	-	-	-
7,521	8,492	8,249	24,262
-	51,542	95,721	147,263
751,199	899,672	961,239	2,612,110
$ 6,790,488	$ 899,672	$ 961,239	$ 8,651,399

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2017	$ 2,561,354	$ 9,220,733	$ 11,782,087
Change in net assets for the year ended June 30, 2018	(264,658)	(2,332,410)	(2,597,068)
Balance at June 30, 2018	2,296,696	6,888,323	9,185,019
Change in net assets for the year ended June 30, 2019	2,531,852	(412,468)	2,119,384
Balance at June 30, 2019	$ 4,828,548	$ 6,475,855	$ 11,304,403

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

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,119,384	$ (2,597,068)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,693	29,697
Amortization	69,006	66,802
Change in funded status pension obligation	(25,347)	35,190
Unrealized loss (gain) on investments	(23,822)	(17,864)
(Increase) decrease in pledges and other receivables	(1,954,766)	1,488,195
(Increase) decrease in prepaid expenses and other assets	11,620	(2,256)
Increase (decrease) in designations payable	(356,588)	(67,114)
Increase (decrease) in accounts payable and other liabilities	19,659	70,793
Net cash provided by (used in) operating activities	(119,161)	(993,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and certificates of deposit	(16,910)	-
Net cash used in investing activities	(16,910)	-
Net increase (decrease) in cash and cash equivalents	(136,071)	(993,625)
Cash and cash equivalents - beginning of year	5,120,169	6,113,794
Cash and cash equivalents - end of year	$ 4,984,098	$ 5,120,169

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The Capital Area United Way (CAUW or the Organization) is a nonprofit organization which serves the parishes of East Baton Rouge, Ascension, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. James, West Baton Rouge, and West Feliciana. Each fall, the CAUW conducts an annual united fundraising campaign, evaluates needed community services, and distributes funds, primarily in the following year, to various organizations that provide other community services in addition to providing program services in conjunction with these efforts.

The accounting and reporting policies of the Organization conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the not-for-profit industry. The significant accounting policies used by the Organization in preparing and presenting its financial statements are summarized as follows:

Use of estimates

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

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have net assets with permanent restrictions at either June 30, 2019 or 2018.

Cash and cash equivalents

For purposes of financial statement presentation, the Organization considers all highly liquid investments with maturities of ninety days or less at the date of acquisition to be cash equivalents.

Cash equivalents and certificates of deposit include funds held in certificates of deposit and money market funds at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk with respect to cash and cash equivalents or certificates of deposit.

1. Summary of significant accounting policies (continued)

Investments and investment income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments for which quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Unrealized gains and losses are recorded in current year operations as increases or decreases in net assets without donor restrictions. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method, and these realized gains and losses flow through the Organization's current operations.

Property and equipment

Property and equipment are stated at cost. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that increase the values or extend the lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 25 years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in the Organization's current operations.

Contributions and sponsorships

Contributions received are recorded based on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (i.e., donor designation) and by a provision for uncollectible pledges. The net campaign results are reflected as net assets with donor restrictions in the accompanying statements of activities since the amounts are generally collected over time and disbursed during subsequent periods.

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Allocated expenses

Certain expenses are allocated between program and supporting services based upon the results of time studies. Fundraising expenses related to the annual campaign are conducted throughout the year and are expensed when incurred. Management and general expenses include those expenses not directly identifiable with a specific function but provide for the overall support and direction of the Organization.

Income tax status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Advertising costs

Advertising costs, which are included in campaign expenses, are expensed as incurred.

New accounting pronouncements adopted

On August 18, 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Under the ASU, the number of net asset classes is decreased from three to two; enhances disclosure of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risk is required. This ASU has been applied retrospectively to all periods presented.

1. Summary of significant accounting policies (continued)

Accounting pronouncements issued but not yet adopted

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. The updated guidance is effective for annual periods beginning after December 15, 2018.

ASU 2014-09, *Revenue from Contracts with Customers*, was issued to update the revenue recognition standard in order to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for fiscal years beginning after December 15, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements in excess of 12 months on the statements of financial position and to provide additional disclosures. This standard is effective for fiscal years beginning after December 15, 2020.

The Organization is currently assessing the impact of these pronouncements on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

2. Campaign pledges receivable

Campaign pledges receivable were comprised of the following at June 30, 2019 and 2018:

	2019	2018
United Way:		
2019 Campaign	$ 36,400	$ -
2018 Campaign	2,688,776	27,352
2017 Campaign and prior	-	3,157,231
	2,725,176	3,184,583
Less allowance for uncollectible pledges	(370,869)	(385,750)
	$ 2,354,307	$ 2,798,833

3. Building lease receivable

During the year ended June 30, 2006, the Organization received a donation of a 25-year lease for its office building to be occupied rent-free through December 31, 2030. At the time of the lease donation, the Organization estimated that the rental rates for comparable facilities would be $8,500 per month.

At the time of the donation, a building lease receivable and corresponding contribution were recorded equal to the present value of the monthly rentals (assuming a discount rate of 3.25%). The annual rental of $102,000 was recorded, net of the amortized discount, resulting in net office rent expense of $69,006 and $66,802 for the years ended June 30, 2019 and 2018, respectively.

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

Year ending June 30th	Lease Amount	Discount Amortization	Net Expense
2020	$ 102,000	$ 30,718	$ 71,282
2021	102,000	28,366	73,634
2022	102,000	25,937	76,063
2023	102,000	23,428	78,572
2024	102,000	20,836	81,164
Thereafter	663,000	66,074	596,926
	$ 1,173,000	$ 195,359	$ 977,641

4. Investments

Investments consisted of the following at June 30, 2019 and 2018:

	2019	2018
Assets held by the Baton Rouge Area Foundation on behalf of the CAUW	$ 400,336	$ 376,514

5. Property and equipment

Property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Furniture, fixtures and office equipment	$ 575,018	$ 575,018
Leasehold improvements	283,631	283,631
	858,649	858,649
Less: accumulated depreciation	(767,485)	(745,792)
	$ 91,164	$ 112,857

Depreciation expense totaled $21,693 and $29,697 for the year ended June 30, 2019 and 2018, respectively.

6. Line-of-credit

The Capital Area United Way has established a $500,000 line of credit through Regions Bank. The line of credit expired in April of 2019, and was renewed through May of 2020. There were no draws on the line of credit during the years ended June 30, 2019 or 2018.

7. Agency transactions / designations payable

Agency transactions include contributions designated by donors for payment to specified organizations. These transactions are accounted for as pass-through transactions which represent transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations (CAUW) that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors to the fundraising campaign designate specific beneficiaries, Capital Area United Way has no discretion in distributing those assets. Such amounts are not recorded as revenues or expenses. When such amounts are collected they are recorded as designations payable until remitted to the underlying beneficiary organization.

8. Defined benefit plan

The Organization has a non-contributory defined benefit pension plan that provides retirement benefits to individuals who were employed by the CAUW before April 1, 2007, and met the eligibility requirements. The Plan was frozen effective April 1, 2007, and the participants in this Plan stopped accruing benefits at that time; however, these participants did become 100% vested in the benefits accrued through this date. No additional employees are able to participate in the Plan. The Organization's funding policy is to annually contribute amounts that meet the minimum funding requirements of the Employment Retirement Income Security Act of 1974 (ERISA).

Accounting standards require the CAUW to recognize the underfunded status of its defined benefit pension plan as a liability on its statements of financial position. The following tables set forth the funding status of the Plan as of June 30, 2019 and 2018:

	2019	2018
Fair value of plan assets at end of year	$ 263,412	$ 223,929
Projected benefit obligation	(471,368)	(457,232)
Unfunded pension obligation	($ 207,956)	($ 233,303)

8. Defined benefit plan (continued)

Changes in the projected benefit obligations at June 30, 2019 and 2018 are as follows:

	2019	2018
Benefit obligation at the beginning of the year	$ 457,232	$ 524,935
Service cost	4,930	4,985
Interest cost	18,193	16,988
Change due to assumption changes	30,091	(4,131)
Actuarial (gain) loss	(4,844)	5,800
Effects of settlement	2,181	37,727
Benefits paid and expenses	(36,415)	(129,072)
Benefit obligation at the end of the year	$ 471,368	$ 457,232

The weighted average assumptions used to estimate benefit obligations at June 30, 2019 and 2018 were as follows:

	2019	2018
Discount rate	3.25%	4.00%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%

The actuarially computed net periodic pension cost included the following components during the years ended June 30, 2019 and 2018:

	2019	2018
Service cost	$ 4,930	$ 4,985
Interest cost	18,193	16,988
Actual return on plan assets	(16,598)	3,221
Actuarial loss amortization	14,017	(9,094)
Net periodic pension cost	$ 20,542	$ 16,100

Total pension expense (benefit) recognized for the year, including the change to the underfunded status, was approximately $35,000 and $80,000 for the years ended June 30, 2019 and 2018, respectively.

The weighted average assumptions used to determine net pension cost for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Discount rate	4.0%	3.5%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%
Post-retirement interest rate	5.50%	5.50%

8. Defined benefit plan (continued)

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation, and forecasts of future returns.

The changes in the fair value of the plan assets were as follows during the years ended June 30, 2019 and 2018:

	2019	2018
Fair value of plan assets at the beginning of the year	$ 223,929	$ 326,822
Actual return on plan assets	16,598	(3,221)
Employer contributions	59,300	29,400
Benefits paid and expenses	(36,415)	(129,072)
Fair value of plan assets at the end of the year	$ 263,412	$ 223,929

All of the Plan's assets were invested in fixed income securities (level 2 investments) at both June 30, 2019 and 2018. Since the United Way is currently exploring the possibility of closing out the Plan, expected future benefit payments are not known at this time.

9. Net assets

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions as of June 30, 2019 and 2018:

	2019	2018
Funds held by Baton Rouge Area Foundation	$ 400,336	$ 376,514
Funds held for Defined Benefit Plan	110,000	110,000
Funds held for Community Impact Program	124,270	149,270
Funds held for Buildings	83,539	83,539
Funds held for Technology	15,207	15,207
Funds held for Operational Reserves	640,885	640,885
Total	$ 1,374,237	$ 1,375,415

Net assets with donor restrictions were available for the following purposes or periods as of June 30, 2019 and 2018:

	2019	2018
Campaign revenues for future periods	$ 5,033,778	$ 5,245,869
Building lease receivable	977,641	1,046,647
Disaster relief	57,607	47,607
VITA grant - tax preparation	155,530	97,407
Flood relief	251,299	450,793
	$ 6,475,855	$ 6,888,323

10. Endowed net assets

The Organization has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity. The investment policy sets forth the guidelines relative to asset allocation parameters and investment return goals. The spending policy sets forth guidelines related to the amount of financial support available and the types of programs funded. Both policies are reviewed annually by the Organization's Board of Directors.

A summary of endowed net assets (board-designated endowment) as of June 30, 2019 and 2018, is as follows:

	2019	2018
Board-designated endowment	$ 400,336	$ 376,514

A summary of changes in endowed net assets for the years ended June 30, 2019 and 2018, is as follows:

Endowed net assets - June 30, 2017	$ 358,650
Investment gain	17,864
Endowed net assets - June 30, 2018	376,514
Investment gain	23,822
Endowed net assets - June 30, 2019	$ 400,336

11. Donated Goods and services

Donated goods and services for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Advertising	$ 5,153	$ 6,445
Campaign supplies and expense/other	12,869	35,176
	$ 18,022	$ 41,621

12. Defined contribution plan

The CAUW maintains a 403(b) retirement and thrift plan for all eligible employees. The Organization makes matching contributions equal to 100% of each employee's elective contribution up to a maximum of 3% of eligible compensation, after the employee has completed one year of service. The Organization can also make additional discretionary contributions. Participants vest immediately in their voluntary contributions and over a five-year period for contributions made by the CAUW. Total expenses related to this Plan totaled approximately $69,000 and $68,000 for the years ended June 30, 2019 and 2018, respectively.

13. Disclosures about the fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Organization.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

The topic on *Fair Value Measurements and Disclosures* establishes a 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 are described as follows:

- Level 1 - valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- Level 2 - valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

- Level 3 - valuation is based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

13. Disclosures about the fair value of financial instruments

A financial instrument's categorization within the valuation hierarchy is based upon 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.

The following methods and assumptions were used by the Organization in estimating its fair value measurements and disclosures for financial instruments:

Investments - valued at the net asset value (NAV) of shares held by the Organization at year end.

Fixed income securities - valued using pricing models maximizing the use of observable inputs for similar securities.

Limitations - fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair Value of Assets and Liabilities Measured on a Recurring Basis

The Organization's investments are measured on a recurring basis through estimates and assumptions made by the Baton Rouge Area Foundation. All of the Organization's investments, including the fixed income securities held by the Organization's defined benefit plan, are considered level 2 investments.

14. Liquidity

The Organization has the following financial assets available to meet its general needs, excluding amounts that are not available for general use within one year of the statement of financial position date because of donor imposed restrictions or internal designations:

	2019	2018
Cash and cash equivalents	$ 4,984,098	$ 5,120,169
Certificates of deposit	1,081,380	1,064,470
Campaign pledges receivable, net	2,354,307	2,798,833
Other receivables	2,408,173	8,881
Investments	400,336	376,514
	11,228,294	9,368,867
Less: assets with donor restrictions, including future campaigns	(6,475,805)	(6,888,323)
Less: assets with board designations	(1,374,237)	(1,375,415)
	$ 3,378,252	$ 1,105,129

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has established a line of credit in the amount of $500,00, which it could draw upon if needed.

15. Fundraising and management and general expense ratio

The Capital Area United Way computes its fundraising and management and general expense ratio as recommended in Functional Expenses and Overhead Reporting Standards/or United Ways as revised in 2004. The numerator includes fundraising and management and general expenses. Fundraising costs include marketing and communication expenses. The computation of the ratio for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Numerator:		
Management and general	$ 992,808	$ 899,672
Fundraising	1,025,953	961,239
	$ 2,018,761	$ 1,860,911
Denominator:		
Total revenues and support	$ 10,053,974	$ 7,952,923
Overhead ratio:	20.08%	23.40%

16. Subsequent events

Management has evaluated events through January 31, 2020, which is the date the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been evaluated for inclusion in these financial statements.

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS
YEAR ENDED JUNE 30, 2019

Agency	Community Impact Funds Awarded	Donor Designations	Disaster Awards	Total Payments
100 Black Men of Metro Baton Rouge, Ltd.	$ 24,150	$ 11,329	$ -	$ 35,479
Adult Literacy Advocates	36,575	944	-	37,519
ALS Association	-	153	-	153
American Cancer Society of Baton Rouge	-	788	-	788
American Diabetes Association	16,100	17,744	-	33,844
American Red Cross	55,760	14,906	-	70,666
American Sickle Cell Anemia Association	-	1,221	-	1,221
AMI Kids	44,275	3,976	-	48,251
The ARC Baton Rouge	298,775	5,310	-	304,085
The ARC of East Ascension	10,000	3,156	-	13,156
The ARC- Iberville and West Baton Rouge	51,127	2,221	-	53,348
Baton Rouge Children's Advocacy Center	41,000	9,144	-	50,144
Baton Rouge Green Association	2,500	-	-	2,500
Baton Rouge Youth Coalition (BRYC)	26,650	3,939	-	30,589
Big Buddy Program	119,225	6,802	-	126,027
Boys & Girls Clubs of GBR	136,850	6,285	-	143,135
Cancer Services	60,375	126,073	-	186,448
Capital Area Agency on Aging	150,150	5,800	-	155,950
Capital Area Family Violence Intervention Center	120,200	10,541	-	130,741
Capital Area ReEntry Coalition	-	5,352	-	5,352
Catholic Charities of the Diocese of Baton Rouge	173,804	47,205	-	221,009
Child Advocacy Services	45,920	8,757	-	54,677
Children 's Miracle Network	-	31	-	31
Crisis Intervention Center	-	2,852	-	2,852
Cystic Fibrosis Foundation	-	1,762	-	1,762
Donaldsonville Area ARC, Inc.	18,865	26,176	-	45,041
Donaldsonville Fire Department	-	1,892	-	1,892
East Feliciana Parish Schools	42,838	2,735	-	45,573
Epilepsy Foundation of Louisiana	-	6,535	-	6,535
Everfi	24,500	-	-	24,500
The Emerge Center	241,500	12,974	-	254,474
Families Helping Families of GBR, Inc.	37,916	2,554	-	40,470
Family Service of Greater Baton Rouge	114,310	2,028	-	116,338
Food for the Poor, Inc.	-	1,138	-	1,138
Greater Baton Rouge Food Bank	185,730	40,664	-	226,394
Happi Llandiers, Inc.	8,050	1,953	-	10,003
HOPE Ministries	168,612	2,909	-	171,521
Iberville Museum	2,500	-	-	2,500
Jewel J. Newman Community Center	-	195	-	195
The Life of a Single Mom	16,100	4,927	-	21,027

CAPITAL AREA UNITED WAY
BATON ROUGE, LOUISIANA

SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS
YEAR ENDED JUNE 30, 2019

Agency	Community Impact Funds Awarded	Donor Designations	Disaster Awards	Total Payments
Long Term Recovery - Flood	$ -	$ -	$ 148,450	$ 148,450
Louisiana 4-H Foundation	20,125	11,873	-	31,998
Louisiana Health and Rehab Center, Inc.	57,750	758	-	58,508
Louisiana Resource Center for Educators	76,475	550	-	77,025
Mary Bird Perkins Cancer Center	-	1,517	-	1,517
McMains Children's Developmental Center	106,635	25,037	-	131,672
Mental Health Association for Greater Baton Rouge	108,265	8,968	-	117,233
Mid City Redevelopment Alliance, Inc.	33,000	330	-	33,330
O'Brien House	65,406	5,736	-	71,142
Other Community Investments	8,070	-	-	8,070
Our Lady of the Lake Children's Hospital	-	1,056	-	1,056
The Recreation and Park Commission for EBRP	28,175	2,407	-	30,582
Regina Coeli Child Development Center	24,150	1,363	-	25,513
The Hospice of Baton Rouge	-	1,132	-	1,132
The Salvation Army	141,076	30,386	-	171,462
Special Olympics Louisiana	-	478		478
St. James ARC	19,250	30,534	-	49,784
St. James Council on Aging	41,415	5,376	-	46,791
St. John United Way	-	1,644	-	1,644
St. Jude Baton Rouge Affiliate Clinic	-	740	-	740
St. Jude Children's Research Hospital	-	15,562	-	15,562
St. Vincent de Paul	76,500	20,190	-	96,690
Tides Center	61,600	98	-	61,698
United Way for Jackson & George	-	271	-	271
United Way for South Louisiana	-	538	-	538
United Way of Greater Houston	-	140	-	140
United Way of Northeast Louisiana	-	390	-	390
United Way of Southeast Louisiana	-	6,158	-	6,158
United Way of St. Charles	-	2,177	-	2,177
UpLIFTD	20,125	704	-	20,829
Urban League of Louisiana	30,590	1,415	-	32,005
Urban Restoration Enhancement Corporation (UREC)	37,835	-	-	37,835
Volunteer Ascension	10,000	-	-	10,000
Volunteers of America, Greater Baton Rouge	272,208	2,113	-	274,321
Volunteers in Public Schools (VIPS)	-	525	-	525
YMCA of the Capital Area	65,600	4,373	-	69,973
Youth Oasis	2,500	-	-	2,500
YWCA Greater Baton Rouge	84,525	1,002	-	85,527
	$ 3,665,632	$ 588,512	$ 148,450	$ 4,402,594