

**UNITED WAY OF LAPEER COUNTY**

**FINANCIAL STATEMENTS  
FOR YEARS ENDED  
JUNE 30, 2018 AND 2017**

# UNITED WAY OF LAPEER COUNTY

## TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4 – 5
STATEMENTS OF CASH FLOWS	6
STATEMENTS OF FUNCTIONAL EXPENSES	7
NOTES TO THE FINANCIAL STATEMENTS	8 – 13

Rochester

1214 N. Main Street  
Rochester, MI 48307  
248.601.9500 ~ 248.601.9501 fax  
www.mkgpc.com



Certified Public Accountants

Lapeer

951 S. Main Street, Suite 3  
Lapeer, MI 48446  
810.664.4470 ~ 810.664.3601 fax  
www.mkgpc.com

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
United Way of Lapeer County  
Lapeer, MI 48446

We have audited the accompanying financial statements of United Way of Lapeer County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, 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.

**Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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.

## Review of 2017 Financial Statements

The 2017 financial statements were reviewed by us and our report thereon, dated November 30, 2017, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Mattina, Kent & Gibbons, P.C.*

**Mattina, Kent & Gibbons, P.C.**  
Certified Public Accountants  
Lapeer, Michigan

November 30, 2018

## **FINANCIAL STATEMENTS**

**UNITED WAY OF LAPEER COUNTY  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2018 AND 2017**

ASSETS

	<u>Audited 2018</u>	<u>Reviewed 2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 91,000	\$ 73,104
Pledges Receivable (Less Allowance for Uncollectible Pledges of \$9,237 and \$11,171)	49,222	47,515
Prepaid Expenses	260	-
<b>TOTAL CURRENT ASSETS</b>	<u>140,482</u>	<u>120,619</u>
<b>FIXED ASSETS</b>		
Computers	6,490	6,490
Less: Accumulated Depreciation	(5,336)	(4,209)
<b>TOTAL FIXED ASSETS</b>	<u>1,154</u>	<u>2,281</u>
<b>OTHER ASSETS</b>		
Investments at Community Foundation	1,989	1,310
<b>TOTAL OTHER ASSETS</b>	<u>1,989</u>	<u>1,310</u>
<b>TOTAL ASSETS</b>	<u>\$ 143,625</u>	<u>\$ 124,210</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,572	\$ 2,768
Accrued Payroll and Liabilities	4,586	3,890
Deferred Revenue	1,000	3,784
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,158</u>	<u>10,442</u>
<b>NET ASSETS</b>		
Unrestricted	86,245	66,253
Temporarily Restricted	49,222	47,515
<b>TOTAL NET ASSETS</b>	<u>135,467</u>	<u>113,768</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 143,625</u>	<u>\$ 124,210</u>

See Independent Auditor's Report and Accompanying Notes.

**UNITED WAY OF LAPEER COUNTY  
STATEMENTS OF ACTIVITIES  
FOR YEARS ENDED JUNE 30, 2018 AND 2017**

	Audited 2018			Reviewed 2017		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUE AND SUPPORT</b>						
Public Support						
Annual Campaign	\$ 75,558	\$ 49,222	\$ 124,780	\$ 79,168	\$ 47,515	\$ 126,683
Contributions	26,200	-	26,200	25,873	-	25,873
Grant Income	9,384	-	9,384	9,589	-	9,589
Total Public Support	<u>111,142</u>	<u>49,222</u>	<u>160,364</u>	<u>114,630</u>	<u>47,515</u>	<u>162,145</u>
Fundraising (Net of Direct Expenses \$1,960 and \$2,867)	4,040	-	4,040	2,993	-	2,993
Interest	52	-	52	18	-	18
Miscellaneous Income	5,096	-	5,096	4,484	-	4,484
Realized Gain (Loss) on Investment	57	-	57	(18)	-	(18)
Net Assets Released from Restriction	47,515	(47,515)	-	54,742	(54,742)	-
Total Revenue	<u>56,760</u>	<u>(47,515)</u>	<u>9,245</u>	<u>62,219</u>	<u>(54,742)</u>	<u>7,477</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>167,902</u>	<u>1,707</u>	<u>169,609</u>	<u>176,849</u>	<u>(7,227)</u>	<u>169,622</u>
<b>FUNCTIONAL EXPENSES</b>						
Program Services	72,606	-	72,606	70,751	-	70,751
Management and General	14,196	-	14,196	15,000	-	15,000
Fundraising	6,766	-	6,766	7,081	-	7,081
Total Functional Expenses	<u>93,568</u>	<u>-</u>	<u>93,568</u>	<u>92,832</u>	<u>-</u>	<u>92,832</u>

See Independent Auditor's Report and Accompanying Notes.

**UNITED WAY OF LAPEER COUNTY  
STATEMENTS OF ACTIVITIES (CONTINUED)  
FOR YEARS ENDED JUNE 30, 2018 AND 2017**

	Audited 2018			Reviewed 2017		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
ALLOCATIONS						
Funds Allocated to Agencies	\$ 52,842	\$ -	\$ 52,842	\$ 49,295	\$ -	\$ 49,295
Payments to National Organization	1,500	-	1,500	1,500	-	1,500
Total Allocations	<u>54,342</u>	<u>-</u>	<u>54,342</u>	<u>50,795</u>	<u>-</u>	<u>50,795</u>
 TOTAL EXPENSES AND ALLOCATIONS	 <u>147,910</u>	 <u>-</u>	 <u>147,910</u>	 <u>143,627</u>	 <u>-</u>	 <u>143,627</u>
 CHANGE IN NET ASSETS	 19,992	 1,707	 21,699	 33,222	 (7,227)	 25,995
 NET ASSETS - BEGINNING OF YEAR	 <u>66,253</u>	 <u>47,515</u>	 <u>113,768</u>	 <u>33,031</u>	 <u>54,742</u>	 <u>87,773</u>
 NET ASSETS - END OF YEAR	 <u>\$ 86,245</u>	 <u>\$ 49,222</u>	 <u>\$ 135,467</u>	 <u>\$ 66,253</u>	 <u>\$ 47,515</u>	 <u>\$ 113,768</u>

See Independent Auditor's Report and Accompanying Notes.



**UNITED WAY OF LAPEER COUNTY  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED JUNE 30, 2018 AND 2017**

	Audited 2018	Reviewed 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 21,699	\$ 25,995
Adjustment to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	1,127	1,298
Realized (Gain) Loss on Investment	(57)	18
(Increase) Decrease in Current Assets:		
Pledges Receivable	(1,707)	7,227
Special Events Receivables	-	750
Prepaid Expenses	(260)	158
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(196)	2,697
Accrued Payroll and Liabilities	696	245
Deferred Revenue	(2,784)	(251)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>18,518</b>	<b>38,137</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(685)	(235)
Investment Fees Paid	63	69
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(622)</b>	<b>(166)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,896</b>	<b>37,971</b>
<b>CASH – BEGINNING OF YEAR</b>	<b>73,104</b>	<b>35,133</b>
<b>CASH – END OF YEAR</b>	<b>\$ 91,000</b>	<b>\$ 73,104</b>

See Independent Auditor's Report and Accompanying Notes.

**UNITED WAY OF LAPEER COUNTY  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR YEARS ENDED JUNE 30, 2018 AND 2017**

FUNCTIONAL EXPENSES	Audited 2018				Reviewed 2017			
	MANAGEMENT				MANAGEMENT			
	PROGRAM	AND GENERAL	FUND- RAISING	TOTAL	PROGRAM	AND GENERAL	FUND- RAISING	TOTAL
Director's Salary	\$ 35,738	\$ 2,509	\$ 2,503	\$ 40,750	\$ 34,961	\$ 2,596	\$ 2,596	\$ 40,153
Staff Salary	20,573	2,569	2,569	25,711	20,196	2,430	2,430	25,056
Payroll Taxes	4,308	389	388	5,085	4,203	383	383	4,969
Accounting	-	3,195	-	3,195	-	3,100	-	3,100
Administration Fees	-	3,206	-	3,206	-	3,507	-	3,507
Contracted Services	395	-	-	395	395	-	-	395
Depreciation	-	1,127	-	1,127	-	1,298	-	1,298
Dues and Subscriptions	785	81	107	973	581	67	197	845
Insurance	1,643	203	203	2,049	1,644	205	205	2,054
Media Public Information	-	-	35	35	257	-	-	257
Meetings and Workshops	48	-	40	88	7	-	-	7
Miscellaneous	857	162	-	1,019	792	156	-	948
Office Supplies	308	-	66	374	-	443	448	891
Postage	155	-	-	155	146	-	47	193
Printing	327	-	100	427	435	-	-	435
Rent	5,760	720	720	7,200	5,760	720	720	7,200
Repairs and Maintenance	390	-	-	390	165	60	-	225
Telephone	1,319	35	35	1,389	1,209	35	35	1,279
Travel/Auto	-	-	-	-	-	-	20	20
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 72,606</b>	<b>\$ 14,196</b>	<b>\$ 6,766</b>	<b>\$ 93,568</b>	<b>\$ 70,751</b>	<b>\$ 15,000</b>	<b>\$ 7,081</b>	<b>\$ 92,832</b>

See Independent Auditor's Report and Accompanying Notes.

## **NOTES TO THE FINANCIAL STATEMENTS**

**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1- SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

United Way of Lapeer County, Inc. (the “Organization”) is a nonprofit organization, whose purpose is to provide financial support for philanthropic health and social, education and community organizations within Lapeer County through a public campaign for funds. The Organization also provides volunteer and information services directly to the public. The Organization receives contributions from individuals and businesses located in the Lapeer County geographic region.

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Organization.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Under accounting standards, The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of The Organization and/or the passage of time.

Permanently Restricted net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Accounting 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 certain assets and liabilities and disclosures.

**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1- SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Accounting Estimates (continued)

Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. There were no amounts in excess of insured limits at June 30, 2018 and 2017.

Pledges Receivables

The calculation of allowance for uncollectible pledges is based on the historical collection experience for pledges receivable outstanding. Pledges receivable, net of the allowance for uncollectible pledges, were \$49,222 and \$47,515 as of June 30, 2018 and 2017. This entire net amount is expected to be collected within the next year.

Special Events Receivables

Special events receivable are deemed to be fully collectible by management. Accordingly, no allowance for doubtful accounts is required for special events receivables and it is expected that all receivables will be collected within one year.

Property, Equipment, and Related Depreciation

Property and equipment are recorded at cost when purchased and at fair market value when donated. Depreciation is provided using straight-line over the estimated useful lives of the related assets. When assets are disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized currently. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions with donor-imposed restrictions that are met in the same year as the contributions are received are reported as revenue of the unrestricted net asset class.

**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1- SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest Held by Third Party

Agency funds are those funds for which the Lapeer County Community Foundation is holding assets for investment purposes on behalf of the beneficiary. Since the Community Foundation is holding and investing these funds on behalf of the beneficiary, the fair value of the endowment investments are recorded as an asset of the beneficiary. The Organization currently has one fund (non-endowed) at the Community Foundation that is accounted for in this manner. This fund allows for distribution of principal and income to be spent at the Organization's discretion. As of June 30, 2018 and 2017, the fair value of this investment was \$1,989 and \$1,310 respectively.

The following schedule summarizes activity within the non-endowed fund:

	2018	2017
	Unrestricted Non-endowed Fund	Unrestricted Non-endowed Fund
Beginning balance	\$ 1,310	\$ 1,162
Revenues		
Net Investment Income	52	36
Realized Gains (Losses)	57	(18)
Market Adjustment	(67)	98
Contributions	700	100
Total Revenues	742	216
Expenses		
Investment Fees	10	7
Administrative Fees	53	61
Total Expenses	63	68
Net Change	679	148
Ending Balance	1,989	\$ 1,310

Other Endowment Funds

The Lapeer County Community Foundation also holds other assets that are intended for the benefit of the United Way of Lapeer County. Since the Community Foundation has variance power over these funds, they are not reported on the financial statements of the Organization. The endowed funds require principal to be maintained in perpetuity and provides for distribution of investment earnings on an annual basis. The endowment fund balance was \$135,577 and \$138,591, as of June 30, 2018 and 2017 respectively.

**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1- SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials, Equipment, and Services

GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. GAAP also requires contributions of tangible assets to be recognized at fair value when received and the value of donated services to be recorded as contributions in the period the services are rendered.

The amounts reflected in the financial statements as in-kind contributions will be offset by like amounts included in expenses. The Organization did not receive contributed materials, equipment, or services during the fiscal years ended June 30, 2018 and 2017 meeting the recognition criteria.

Functional Expenses

Expenses identified as applying to a specific program or supporting service are recorded in the appropriate service area as incurred. Expenses not directly attributable to a program or supporting service are allocated between service areas based upon the cumulative results of staff time studies and management estimates.

Income Tax Status

The Organization is a nonprofit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal and state income taxes.

In preparation of information returns, tax positions are taken based on interpretation of federal and state tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties ultimately due or owed. No amounts have been identified, or recorded as uncertain positions.

The Organization's informational returns are subject to examination, generally for three years after the filing date. Open audit periods are 2015 to 2017.

Subsequent Events

The Organization has evaluated subsequent events through November 30, 2018 the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENT

A hierarchy has been established by GAAP that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy under GAAP are described below.

Level 1: Quoted prices in active markets for identical securities.

**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - FAIR VALUE MEASUREMENT (Continued)

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The following is a market value summary by the level of inputs used, as of June 30, 2018 and 2017, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Valued on a Recurring Basis Investments at Community Foundation	\$ -	\$ -	\$ 1,989	\$ 1,989

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Valued on a Recurring Basis Investments at Community Foundation	\$ -	\$ -	\$ 1,310	\$ 1,310

Fair Values for the investments at the Lapeer County Community Foundation are determined by the Foundation. Changes in level 3 inputs are disclosed in Note 1.

NOTE 3 - RELIANCE ON FUNDING SOURCES

The Organization receives a substantial amount of its support from private grants and pledges. A substantial number of the pledges originate from residents and businesses located in Lapeer County, Michigan. A significant reduction in the level of this support, if it were to occur, would have an effect on the Organization's programs and activities.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of campaign pledges of \$49,222 and \$47,515 as of June 30, 2018 and 2017, respectively. This consists of campaign pledges for general operations to be received in the future and grant revenue not yet spent.



**UNITED WAY OF LAPEER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 - UNCERTAINTY IN INCOME TAXES**

Federal tax law provides tax benefits to nonprofit organizations recognized as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (Code). The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties.

As an exempt organization as described in Section 501(c)(3) of the Code that has been classified as other than a private foundation, the Organization is only subject to tax on unrelated business income as defined by Section 509(a)(1) of the Code. The Organization has no unrelated business income for the years ended June 30, 2018 and 2017. Accordingly, a provision for income taxes has not been made on the financial statements.

The amount of income tax benefit that may be disallowed by the Internal Revenue Service (IRS), if any, cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Interest and/or penalties on an amount of income taxes deemed underpaid, if any, will be classified as income taxes in the financial statements. The Organization has not recognized any interest or penalties payable in the Statement of Financial Position as of June 30, 2018 and 2017, or interest or penalties expense in the Statement of Activities for the years then ended.

The Organization is subject to IRS and state examinations for a period of at least three (3) years after the Form 990 has been filed.

**NOTE 6 – DEFERRED REVENUE**

As of June 30, 2018 and 2017, deferred revenue was comprised of:

	2018	2017
Lapeer County Community Foundation Grant	\$ 1,000	\$ -
EFSP Grant	-	2,884
Advance of Funds for Community Color Run	-	900
	\$ 1,000	\$ 3,784

**NOTE 7 – PREPAID EXPENSES**

Certain expenses are routinely paid that cover more than the current fiscal period. At June 30, 2018, prepaid expenses consisted of expenses for upcoming Community Color Run. At June 30, 2017, there were no prepaid expenses.

**NOTE 8 – UNEMPLOYMENT INSURANCE**

The Organization has withdrawn from the State of Michigan-Unemployment Agency for unemployment claims. The Organization has become a member of The 501 Alliance, which facilitates the payments of unemployment claims to the State Unemployment Agency. They are required to make periodic contributions to fund such payments. The contributions are maintained in a custodial account on behalf of the Organization. Should unemployment claims exceed the amount in the custodial account, the Organization will be responsible to reimburse The 501 Alliance the excess amount plus interest. As of June 30, 2018 and 2017, the custodial account had an outstanding balance of \$1,076 and \$700, respectively.