LYCOMING COUNTY UNITED WAY, INC.

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

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Larson, Kellett & Associates, P.C.
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lycoming County United Way, Inc.
Williamsport, Pennsylvania:

Report on the Financial Statements

We have audited the accompanying financial statements of Lycoming County United Way, Inc. (a Pennsylvania nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lycoming County United Way, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Larson, Kellett & Associates, P.C.

Montoursville, Pennsylvania
December 19, 2018

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents:		
Deposits with financial institutions	$ 419,847	$ 343,581
Petty cash		350
Total cash and cash equivalents	419,847	343,931
Pledges receivable, net	318,170	330,958
Grant receivable		10,000
Prepaid expense	9,740	2,647
Investments	1,610,049	1,498,393
Beneficial interest in assets held by First Community Foundation of Pennsylvania	435,961	416,443
Equipment and furniture and fixtures, net	13,946	9,836
TOTAL ASSETS	$2,807,713	$2,612,208
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 43,506	$ 27,675
Accrued payroll and payroll taxes withheld	12,273	18,651
Allocations payable	27,216	
Donor designations payable	8,950	14,517
Obligation under capital lease	3,527	5,014
Total liabilities	95,472	65,857
NET ASSETS:		
Unrestricted:		
Undesignated	2,297,654	2,187,788
Board designated:		
Community Building Panel	44,992	34,960
Wellsboro Area United Fund	65,748	65,748
Total unrestricted	2,408,394	2,288,496
Temporarily restricted	69,695	23,703
Permanently restricted	234,152	234,152
Total net assets	2,712,241	2,546,351
TOTAL LIABILITIES AND NET ASSETS	$2,807,713	$2,612,208

LYCOMING COUNTY UNITED WAY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES, GAINS AND OTHER SUPPORT:		
Campaign revenue applicable to current year:		
Contributions received - current year	$1,254,083	$1,144,086
Contributions received in prior year (released from restriction)	23,703	18,283
Less provision for uncollectible pledges	(52,126)	(26,373)
Total campaign revenue applicable to current year	1,225,660	1,135,996
Federal and state grants	153,798	163,114
Other grants	15,000	
Program fees	4,499	17,215
Investment return, net	162,514	194,745
Donated goods and services	149,124	30,827
Reimbursed expenses	3,240	58
Total revenues, gains and other support	1,713,835	1,541,955
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES:		
Program services:		
Agency allocations	787,785	899,419
Funds distribution	67,795	68,239
Community problem solving services	2,526	42,356
Other allocations and grants	13,335	1,000
Federal and state grants	148,672	158,674
Marketing/communications	86,584	50,192
Total program services	1,106,697	1,219,880
Supporting services:		
Management and general	191,979	152,508
Grant fund administration	9,929	8,613
Fund raising	277,331	245,781
CFC/SECA fund raising	8,001	17,881
Total supporting services	487,240	424,783
Total allocations and other functional expenses	1,593,937	1,644,663
Increase (decrease) in unrestricted net assets	119,898	(102,708)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Campaign revenue applicable to next allocation year:		
Pledges received - next allocation year	69,695	23,703
Contributions received in prior year (released from restriction)	(23,703)	(18,283)
Increase in temporarily restricted net assets	45,992	5,420
CHANGE IN NET ASSETS	165,890	(97,288)
NET ASSETS, BEGINNING OF YEAR	2,546,351	2,643,639
NET ASSETS, END OF YEAR	$2,712,241	$2,546,351

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	AGENCY ALLOCATIONS	FUNDS DISTRIBUTION	COMMUNITY PROBLEM SOLVING SERVICES	OTHER ALLOCATIONS AND GRANTS	FEDERAL AND STATE GRANTS	MARKETING/ COMMUNICATIONS	TOTAL PROGRAM SERVICES
Allocations to agencies	$787,785	$	$	$13,335	$148,672	$	$ 949,792
Community and agency services provided by the United Way:							
Salaries		38,870	1,449			27,282	67,601
Employee benefits		8,009	298			5,621	13,928
Payroll taxes		3,177	118			2,230	5,525
Total personnel		50,056	1,865			35,133	87,054
Professional fees		3,063	114			41,150	44,327
Materials and supplies		1,632	61			1,145	2,838
Telephone		544	20			382	946
Postage and shipping		506	19			355	880
Occupancy		5,191	193			3,643	9,027
Rental and maintenance of equipment		309	12			217	538
Printing and publications		1,188	44			833	2,065
Local staff travel		351	13			247	611
Local meetings and conferences		622	23			437	1,082
Membership dues		125	4			88	217
Miscellaneous		805	30			565	1,400
Interest		79	3			56	138
National and state dues							
Liability insurance							
Trustee fees		2,227	83			1,563	3,873
Depreciation		305	12			214	531
Credit card fees		792	30			556	1,378
Special events							
In-kind expenses							
Total other		17,739	661			51,451	69,851
TOTAL	$787,785	$67,795	$ 2,526	$13,335	$148,672	$86,584	$1,106,697

See Notes to Financial Statements

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	MANAGEMENT AND GENERAL	GRANT FUND ADMINISTRATION	FUND RAISING	CFC/SECA FUND RAISING	TOTAL SUPPORTING SERVICES	COMBINED TOTAL 2018
Allocations to agencies	$	$	$	$	$	$ 949,792
Community and agency services provided by the United Way:						
Salaries	97,780	5,794	65,669	4,587	173,830	241,431
Employee benefits	20,147	1,194	13,531	945	35,817	49,745
Payroll taxes	7,992	474	5,368	375	14,209	19,734
Total personnel	125,919	7,462	84,568	5,907	223,856	310,910
Professional fees	7,705	456	5,175	361	13,697	58,024
Materials and supplies	4,106	243	2,757	193	7,299	10,137
Telephone	1,368	81	919	64	2,432	3,378
Postage and shipping	1,273	75	855	60	2,263	3,143
Occupancy	13,057	774	8,769	613	23,213	32,240
Rental and maintenance of equipment	778	46	523	37	1,384	1,922
Printing and publications	2,987		2,183	140	5,310	7,375
Local staff travel	884	52	594	41	1,571	2,182
Local meetings and conferences	1,565	93	1,051	73	2,782	3,864
Membership dues	314	19	211	15	559	776
Miscellaneous	2,026	120	1,360	95	3,601	5,001
Interest	199	12	134	9	354	492
National and state dues	19,853				19,853	19,853
Liability insurance	1,582				1,582	1,582
Trustee fees	5,603	332	3,763	263	9,961	13,834
Depreciation	767	46	515	36	1,364	1,895
Credit card fees	1,993	118	1,338	94	3,543	4,921
Special events			13,492		13,492	13,492
In-kind expenses			149,124		149,124	149,124
Total other	66,060	2,467	192,763	2,094	263,384	333,235
TOTAL	$ 191,979	$9,929	$ 277,331	$ 8,001	$ 487,240	$ 1,593,937

See Notes to Financial Statements

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	AGENCY ALLOCATIONS	FUNDS DISTRIBUTION	COMMUNITY PROBLEM SOLVING SERVICES	OTHER ALLOCATIONS AND GRANTS	FEDERAL AND STATE GRANTS	MARKETING/ COMMUNICATIONS	TOTAL PROGRAM SERVICES
Allocations to agencies	$899,419	$	$	$ 1,000	$158,674	$	$1,059,093
Community and agency services provided by the United Way:							
Salaries		37,255	23,124			12,847	73,226
Employee benefits		10,754	6,675			3,708	21,137
Payroll taxes		3,185	1,977			1,098	6,260
Total personnel		51,194	31,776			17,653	100,623
Professional fees		2,871	1,782			27,654	32,307
Materials and supplies		819	508			282	1,609
Telephone		462	286			159	907
Postage and shipping		398	247			137	782
Occupancy		4,586	2,847			1,581	9,014
Rental and maintenance of equipment		270	167			93	530
Printing and publications		2,503	1,554			863	4,920
Local staff travel		346	215			119	680
Local meetings and conferences		814	505			281	1,600
Membership dues		55	34			19	108
Miscellaneous		1,073	666			370	2,109
Interest		94	59			32	185
National and state dues							
Liability insurance							
Trustee fees		1,839	1,141			634	3,614
Board designated funds							
Depreciation		494	307			170	971
Credit card fees		421	262			145	828
Special events							
In-kind expenses							
Total other		17,045	10,580			32,539	60,164
TOTAL	$899,419	$ 68,239	$ 42,356	$ 1,000	$158,674	$ 50,192	$1,219,880

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	MANAGEMENT AND GENERAL	GRANT FUND ADMINISTRATION	FUND RAISING	CFC/SECA FUND RAISING	TOTAL SUPPORTING SERVICES	COMBINED TOTAL 2017
Allocations to agencies	$	$	$	$	$	$1,059,093
Community and agency services provided by the United Way:						
Salaries	56,525	4,882	112,536	9,763	183,706	256,932
Employee benefits	16,317	1,409	32,485	2,818	53,029	74,166
Payroll taxes	4,833	417	9,621	835	15,706	21,966
Total personnel	77,675	6,708	154,642	13,416	252,441	353,064
Professional fees	4,356	376	8,673	752	14,157	46,464
Materials and supplies	1,242	107	2,472	214	4,035	5,644
Telephone	700	61	1,394	121	2,276	3,183
Postage and shipping	604	52	1,202	104	1,962	2,744
Occupancy	6,958	601	13,852	1,202	22,613	31,627
Rental and maintenance of equipment	409	35	814	71	1,329	1,859
Printing and publications	3,798		7,890	656	12,344	17,264
Local staff travel	525	45	1,045	90	1,705	2,385
Local meetings and conferences	1,235	107	2,459	213	4,014	5,614
Membership dues	83	7	166	14	270	378
Miscellaneous	1,628	141	3,241	281	5,291	7,400
Interest	143	12	285	25	465	650
National and state dues	21,816				21,816	21,816
Liability insurance	2,159				2,159	2,159
Trustee fees	2,789	241	5,554	482	9,066	12,680
Board designated funds	25,000				25,000	25,000
Depreciation	749	65	1,492	129	2,435	3,406
Credit card fees	639	55	1,272	111	2,077	2,905
Special events			8,501		8,501	8,501
In-kind expenses			30,827		30,827	30,827
Total other	74,833	1,905	91,139	4,465	172,342	232,506
TOTAL	$152,508	$ 8,613	$245,781	$ 17,881	$424,783	$1,644,663

LYCOMING COUNTY UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 165,890	$ (97,288)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,895	3,406
Investment gains	(90,062)	(115,007)
Provision for uncollectible pledges	(52,126)	(26,373)
Change in:		
Pledges receivable, net	74,678	92,180
Grant receivable	10,000	(10,000)
Prepaid expense	(7,093)	1,466
Accounts payable	15,831	25,577
Accrued payroll and payroll taxes withheld	(6,378)	9,413
Allocations payable	27,216	
Donor designations payable	(5,567)	(8,595)
Net cash provided (used) by operating activities	134,284	(125,221)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(325,219)	(666,077)
Purchase of equipment and furniture and fixtures	(6,005)	(2,677)
Proceeds from sale of investments	293,861	627,782
Increase in beneficial interest in assets held by First Community Foundation of Pennsylvania, net	(19,518)	(15,825)
Net cash used by investing activities	(56,881)	(56,797)
CASH USED BY FINANCING ACTIVITIES,		
Repayment of obligation under capital lease	(1,487)	(1,328)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,916	(183,346)
CASH AND CASH EQUIVALENTS, BEGINNING	343,931	527,277
CASH AND CASH EQUIVALENTS, ENDING	$ 419,847	$ 343,931

See Notes to Financial Statements

1. GENERAL:

Lycoming County United Way, Inc. (Organization) was organized as a nonprofit organization for the purpose of raising funds to distribute to charitable organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily-restricted or permanently-restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair value in the statements of financial position. Unrealized gains and losses are included as increases or decreases in net assets. See Note 6 for a discussion on fair value measurements.

For purposes of determining realized gain or loss on sale, the cost of securities sold is determined by using the specific identification method.

Pledges Receivable and Uncollectible Pledges

Pledges receivable are stated net of an allowance for uncollectible pledges which was $90,611 and $92,814 at June 30, 2018 and 2017, respectively. Pledges receivable are written off against the allowance account when they are deemed to be uncollectible. The allowance account is revised periodically based upon a review of its adequacy by the Organization's management.

Equipment and Furniture and Fixtures and Depreciation

Equipment and furniture and fixtures purchases are stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of equipment and furniture and fixtures are recorded as unrestricted support.

Depreciation of equipment and furniture and fixtures is provided using the straight-line method over the estimated useful lives of the assets.

Donated Goods and Services

The Organization recognizes donated goods and services in the accompanying statements of activities at their estimated value at the date of receipt. Donated goods and services recorded totaled $149,124 and $30,827 at June 30, 2018 and 2017, respectively. Donated goods and services consist primarily of advertising services and campaign supplies. Additionally, a substantial number of volunteers have donated significant amounts of their time providing the Organization's services, where no value has been determined.

Leasing

The Organization leases office space and parking spaces under an operating lease arrangement.

The Organization leases a copier under a capital lease arrangement (See Note 10).

Functional Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time for the related activities.

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 regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates. A material estimate that is susceptible to significant change relates to the determination of the adequacy of the allowance for uncollectible pledges. Management believes that the allowance for uncollectible pledges is adequate. While management uses available information to determine the allowance, changes in economic conditions may require revisions of the estimate in future years.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, pledges receivable, investments, accounts payable and obligation under capital lease. The carrying value of these financial instruments approximate their fair value at June 30, 2018 and 2017.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2018 or 2017.

Cash Flows

For purposes of the statements of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Reclassification

Certain amounts in 2017 have been reclassified to conform to the 2018 presentation. Such reclassification had no effect on change in net assets or net assets.

Recent Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases.* ASU 2018-10 clarifies transition guidance for Topic 842, *Leases*. In August 2018, FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements.* ASU 2018-11 provides an optional transition method that permits a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption of FASB ASC 842. This ASU also provides a practical expedient for lessors to elect to not separate non-lease components of a contract from lease components. These ASUs are effective for annual periods beginning after December 15, 2019. The Organization has not determined the effect of the adoption of these standards on the financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 was issued to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2017. The Organization has not determined the effect of the adoption of this standard on the financial statements.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2018. ASU 2016-15 is not expected to have a significant impact on the Organization's financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies guidance on when a revenue transaction is an exchange or a contribution. This ASU also provides guidance on determining whether a contribution is conditional or unconditional. This ASU is effective for annual periods beginning after December 15, 2018. The Organization has not determined the effect of the adoption of this standard on the financial statements.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 amends existing guidance by eliminating and modifying certain requirements for disclosing fair value of assets and liabilities. This ASU is effective for annual periods beginning after December 15, 2019. The Organization has not determined the effect of the adoption of this standard on the financial statements.

3. PLEDGES RECEIVABLE:

Pledges receivable consisted of the following unconditional promises to give as of June 30, 2018 and 2017:

	2018	2017
Receivable in less than one year:		
Prior campaigns	$ 45,594	$ 48,987
Current year campaign	363,187	374,785
Gross unconditional pledges	408,781	423,772
Less allowance for uncollectible pledges	90,611	92,814
Pledges receivable, net	$318,170	$330,958

4. INVESTMENTS:

Investments at fair value by major category consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Mutual funds	$1,610,049	$1,498,393

The following schedule summarizes the net investment return in the statements of activities:

	2018	2017
Unrestricted		
Interest and dividends	$ 31,995	$ 28,641
Increase in beneficial interest in assets held by First Community Foundation of Pennsylvania	40,457	51,276
Net realized and unrealized gain on investments	90,062	114,828
Total investment return, net	$162,514	$194,745

5. BENEFICIAL INTEREST IN ASSETS HELD BY FIRST COMMUNITY FOUNDATION OF PENNSYLVANIA:

The Organization transferred permanently restricted net assets and donor contributed funds to the First Community Foundation of Pennsylvania (Foundation). The Foundation maintains and administers these funds solely for the benefit of the Organization; however, the Foundation has been granted variance power to modify any restriction on these funds.

The Foundation is required to distribute annually all or part of the income earned on these funds as the Foundation deems reasonable and proper, after consultation with the Organization. Principal may be distributed upon request by the Organization, approval by the Foundation and in accordance with the donor's original restrictions.

The cumulative amount recognized in the statements of financial position as beneficial interest in assets held by the Foundation totaled $435,961 and $416,443 at June 30, 2018 and 2017, respectively, as valued by the Foundation.

6. FAIR VALUE MEASUREMENTS:

The framework for measuring fair value 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 I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are described as follows:

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

Level II: Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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 II input must be observable for substantially the full term of the asset or liability.

Level III: 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. Valued at the daily closing prices as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial interest in assets held by others: Fair value as determined by the custodian.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	Level I	Level II	Level III	Total
Mutual funds	$1,610,049			$1,610,049
Beneficial interest in assets held by First Community Foundation of Pennsylvania			$435,961	435,961
Total	$1,610,049	$	$435,961	$2,046,010

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017:

	Level I	Level II	Level III	Total
Mutual funds	$1,498,393			$1,498,393
Beneficial interest in assets held by First Community Foundation of Pennsylvania			$416,443	416,443
Total	$1,498,393	$	$416,443	$1,914,836

Change in fair value measurements for Level III financial assets for the years ended June 30, 2018 and 2017, are summarized as follows:

	2018	2017
Beginning of year	$416,443	$400,618
Purchases		
Settlements	(16,012)	(30,648)
Investment return, net of fees of $4,927 in 2018 and $4,803 In 2017	35,530	46,473
End of year	$435,961	$416,443

7. EQUIPMENT AND FURNITURE AND FIXTURES:

Equipment and furniture and fixtures at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Equipment	$25,811	$33,628
Furniture and fixtures	633	633
Total	26,444	34,261
Less accumulated depreciation	12,498	24,425
Equipment and furniture and fixtures	$13,946	$ 9,836

Depreciation expense included in the statements of functional expenses amounted to $1,895 and $3,406 for the years ended June 30, 2018 and 2017, respectively.

8. RESTRICTIONS ON NET ASSETS:

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support allocations or general operations.

Net assets in the amount of $23,703 and $18,283 were released from restrictions by time restrictions expiring for net campaign pledges received for the years ended June 30, 2018 and 2017, respectively.

9. EMPLOYEE BENEFIT PLAN:

The Organization maintains a tax deferred annuity benefit plan covering all eligible employees. Contributions to the plan amounted to $20,759 and $22,984 for the years ended June 30, 2018 and 2017, respectively.

10. OBLIGATION UNDER CAPITAL LEASE:

The Organization leases a copier under the terms of a capital lease expiring in 2020. The asset and liability under capital lease are recorded at the fair value of the asset. The asset is included in equipment and furniture and fixtures in the accompanying statements of financial position and is depreciated over its estimated useful life.

Accumulated depreciation related to equipment acquired under capital lease totaled $2,259 and $1,506 for the years ended June 30, 2018 and 2017, respectively.

The following summarizes the required future annual minimum lease payments under the capital lease together with the present value of the net minimum lease payments.

2019	$1,979
2020	1,979
Total	3,958
Less amounts representing interest	431
Present value of net minimum lease payments	$3,527

The interest rate on the capital lease is 11.92% and is imputed based on the lessor's implicit rate of return.

11. COMMITMENT:

The Organization leases office space under a non-cancellable lease arrangement which expires June 30, 2023, with minimum monthly payments commencing September 1, 2018.

The following schedule represents future minimum rental payments required under the operating lease:

2019	$ 9,000
2020	12,000
2021	12,000
2022	12,000
2023	12,000
Total	$57,000

12. CONCENTRATION OF CREDIT RISK:

The Organization has concentrated its credit risk for cash by maintaining deposits in three financial institutions. The maximum loss that would result from that risk at June

30, 2018 totaled $182,244 for the excess of the deposit liabilities reported by the institutions over the amounts that are insured by the Federal Deposit Insurance Corporation. At June 30, 2017 all deposits were covered by the Federal Deposit Insurance Corporation.

13. CONTINGENT LIABILITY - GRANTS:

The Organization receives grants from federal, state and local governments. Subsequent audits may disallow expenditures financed by governmental grant programs. It is the opinion of management that requests for reimbursement, if any, by either the federal, state, or local government based on subsequent audits will not be material in relation to the Organization's financial statements as of June 30, 2018.

14. SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES:

During the years ended June 30 2018 and 2017, the Organization received investments totaling $9,764 and $492, respectively, in payment of outstanding pledges receivable.

During the years ended June 30, 2018 and 2017, the Organization paid interest of $492 and $650, respectively.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 19, 2018, which is the date the financial statements were available to be issued.