

# **America's Charities and Affiliates**

Consolidated Financial Report  
December 31, 2017

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RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
America's Charities

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of America's Charities and Affiliates (America's Charities), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 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 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 America's Charities and Affiliates as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

McLean, Virginia  
April 20, 2018

**America's Charities and Affiliates**

**Consolidated Balance Sheets  
December 31, 2017 and 2016**

	2017	2016
<b>Assets</b>		
Cash	\$ 5,472,474	\$ 4,885,235
Promises to give (pledges)	4,171,676	2,931,392
Member charity fees receivable, net of allowance for doubtful accounts of \$75,300 and \$49,217, respectively	718,435	560,446
Other receivables	183,835	180,740
Other assets	127,811	118,114
Property and equipment, net	66,489	121,697
Deferred leasing costs	5,201	-
	<u>\$ 10,745,921</u>	<u>\$ 8,797,624</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 359,293	\$ 385,176
Campaign funds payable to member/nonmember charities	8,468,074	6,597,876
Deferred revenue	821,757	877,442
Deferred rent	111,832	123,987
<b>Total liabilities</b>	<u>9,760,956</u>	<u>7,984,481</u>
Commitment and contingencies (Notes 6, 7 and 8)		
Net assets – unrestricted:		
Undesignated	434,965	263,143
Board designated	550,000	550,000
<b>Total net assets</b>	<u>984,965</u>	<u>813,143</u>
	<u>\$ 10,745,921</u>	<u>\$ 8,797,624</u>

See notes to consolidated financial statements.

**America's Charities and Affiliates**

**Consolidated Statements of Activities  
Years Ended December 31, 2017 and 2016**

	2017	2016
Support and revenue:		
Amounts raised in campaigns, net of estimated campaign expenses incurred by other organizations and shrinkage:		
Combined Federal Campaign	\$ 7,914,132	\$ 6,765,119
Campaign management services	16,222,745	12,584,665
Private sector	1,072,606	1,673,845
State and local	2,082,210	2,022,628
<b>Total net amounts raised in campaigns</b>	<b>27,291,693</b>	<b>23,046,257</b>
Less amounts raised on behalf of others	26,961,447	22,610,743
<b>Support designated to America's Charities and Affiliates</b>	<b>330,246</b>	<b>435,514</b>
Member charity fees	2,697,922	2,339,179
Campaign management fees	1,138,753	653,917
Campaign advertising fees	147,419	203,350
Donated services	879,804	992,569
Other	57,505	75,483
<b>Total support and revenue</b>	<b>5,251,649</b>	<b>4,700,012</b>
Expenses:		
Program services:		
Member campaign services	1,715,066	2,110,942
Campaign management services	2,346,944	1,774,595
<b>Total program services</b>	<b>4,062,010</b>	<b>3,885,537</b>
Supporting services:		
Management and general	673,168	810,450
Fundraising	344,649	474,908
<b>Total supporting services</b>	<b>1,017,817</b>	<b>1,285,358</b>
<b>Total expenses</b>	<b>5,079,827</b>	<b>5,170,895</b>
<b>Change in net assets</b>	<b>171,822</b>	<b>(470,883)</b>
Net assets:		
Beginning	813,143	1,284,026
Ending	<b>\$ 984,965</b>	<b>\$ 813,143</b>

See notes to consolidated financial statements.

**America's Charities and Affiliates**

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 171,822	\$ (470,883)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	55,208	70,037
Increase in allowance for doubtful accounts	26,083	2,500
Deferred rent	(12,155)	(5,487)
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	(1,240,284)	1,181,819
Member charity fees receivable	(184,072)	44,268
Other receivables	(3,095)	149,136
Other assets	(9,697)	25,848
Deferred leasing costs	(5,201)	-
(Increase) decrease in:		
Accounts payable and accrued expenses	(25,883)	69,944
Campaign funds payable to member/nonmember charities	1,870,198	175,551
Deferred revenue	(55,685)	(105,016)
<b>Net cash provided by operating activities</b>	<b>587,239</b>	<b>1,137,717</b>
Cash flows from investing activities:		
Purchases of property and equipment	-	(27,615)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(27,615)</b>
<b>Net increase in cash</b>	<b>587,239</b>	<b>1,110,102</b>
Cash:		
Beginning	4,885,235	3,775,133
Ending	<b>\$ 5,472,474</b>	<b>\$ 4,885,235</b>

See notes to consolidated financial statements.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** America's Charities and Affiliates (collectively, America's Charities) consists of four entities: America's Charities, Children First – America's Charities, Health First – America's Charities and Community First – America's Charities of Greater Washington D.C. All entities are affiliated through common support, activities and governance.

America's Charities was incorporated in 1988 in the District of Columbia. Through its efforts with the Combined Federal Campaign (CFC), many state and local public sector campaigns and private sector workplace-giving campaigns, America's Charities solicits contributions for its member charities through payroll deduction charitable giving campaigns. The contributions are originated through payroll deductions from military and civilian employees of the federal government, state and local public sector and private sector employees, and are received by America's Charities. America's Charities accesses private sector campaigns through three sources: America's Charities' individual efforts; the Charities @ Work, an alliance of four federations whose purpose is to access private sector campaigns; and local United Way organizations.

The campaign period is typically a 20-month period beginning in the September before the contribution period. The Fall 2017 Campaign began in September 2017 and will end in March 2019. The campaign collection period for the Fall 2017 Campaign covers primarily the period from April 2018 to March 2019. The Fall 2016 Campaign began in September 2016 and ended in March 2018. The campaign collection period for the Fall 2016 Campaign covers primarily the period from April 2017 to March 2018.

During the Fall 2016 and 2015 Campaigns, America's Charities served local campaigns governed by Local Federal Coordinating Committees (LFCCs) and managed by Principal Combined Fund Organizations (PCFOs). Additionally, during the Fall 2016 and 2015 Campaigns, America's Charities solicited contributions from state and municipal workplace-giving agencies and private sector workplace-giving campaigns.

Each PCFO, state employee campaign organization and private sector organization, except for those organizations' campaigns accessed through Charities @ Work, is responsible for compiling pledge information, collecting contributions and remitting the proceeds to America's Charities, net of campaign expenses. The members of Charities @ Work have designated America's Charities as fiscal agent for compiling pledge information, collecting contributions (in some campaigns) and remitting the proceeds to the members of Charities @ Work. America's Charities is paid a fiscal agent fee for acting in this capacity. Each member of Charities @ Work is responsible for remitting the proceeds to its members.

Children First – America's Charities (Children First) was incorporated in 2003 in the District of Columbia. Its purpose is to solicit contributions for its member charities that deal with children-related issues through payroll deduction charitable giving campaigns.

Health First – America's Charities (Health First) was incorporated in 2003 in the District of Columbia. Its purpose is to solicit contributions for its member charities that deal with health-related issues through payroll deduction charitable giving campaigns.

Community First – America's Charities of Greater Washington D.C. (Community First) was incorporated in 2008 in the District of Columbia. Its purpose is to solicit contributions for its member charities that serve in the Washington D.C. area and deal with various local area-related issues through payroll deduction charitable giving campaigns.



## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

A summary of America's Charities significant programs are as follows:

**Member campaign services:** Activities related to the management of America's Charities members' participation in federal government, state and local government, and private sector workplace campaigns.

**Campaign management services:** Activities that support the collection, reporting and distribution of various workplace-giving campaigns.

**Management and general:** Activities that support America's Charities overall but are not directly allocable to programs or fundraising.

**Fundraising:** Activities that provide access for America's Charities' members to the various campaign types.

A summary of significant accounting policies of America's Charities follows:

**Basis of accounting:** The consolidated financial statements of America's Charities have been prepared on the accrual basis of accounting. Accordingly, unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities topics of the FASB ASC, America's Charities is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. America's Charities had no temporarily and permanently restricted net assets at December 31, 2017 and 2016.

**Consolidation policy:** The consolidated financial statements include the accounts of America's Charities, Children First, Health First and Community First. All significant intercompany balances and transactions have been eliminated in the consolidation.

**Financial risk:** America's Charities maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. America's Charities believes it is not exposed to any significant financial risk on cash.

**Promises to give:** Promises to give are recorded in the consolidated financial statements upon receipt of pledge information from the campaigns. America's Charities honors designations made to each member and nonmember charity. As all promises to give are expected to be collected within one year, they are recorded at their estimated net realizable value. This is achieved by applying an allowance for estimated shrinkage to the campaign pledges. At the end of the year, any amounts receivable from the previous year's campaign are written off. Subsequent receipts relating to such amounts are set off against the shrinkage expense.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Member charity fees receivable:** Member charity fees receivable consist of member charities' fees due to America's Charities, which are expected to be collected within the next year. America's Charities records an allowance for doubtful accounts, which is based on specifically identified amounts that America's Charities believes to be uncollectible. As a result, it is reasonably possible that America's Charities' estimate of the net carrying amounts of member charity fees receivable could change in the near term. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

**Property and equipment:** Property and equipment are recorded at cost and depreciated on the straight-line basis over estimated useful lives, which range from three to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the asset's useful life or the term of the lease. America's Charities capitalizes all property and equipment purchased with a cost of \$1,000 or more.

**Valuation of long-lived assets:** America's Charities reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Campaign funds payable to member/nonmember charities:** Pledges that are designated to America's Charities' member charities and nonmember charities are recorded as campaign funds payable to member/nonmember charities. Cash received from designated campaign pledges is allocated to each participating member charity in the ratio of designated pledges from the relevant campaign to the total cash received.

**Deferred rent:** America's Charities has a lease agreement for rental space in Chantilly, Virginia. This lease agreement provides for escalated payments over the life of the lease and a six-month period of rent abatement. The rent increases in future years and free rent are being recognized on a straight-line basis over the life of the lease agreement. America's Charities has a sublease agreement for their rental space where the subtenant is required to pay America's Charities escalating payments over the term of the sublease. The deferred rent liability is the difference between the expense and the cash payments, net of the deferred rent receivable from the sublease.

**Deferred revenue:** Amounts billed in advance for member charity fees are recorded as a receivable and deferred revenue and are thereafter recognized as revenue ratably over the remaining campaign distribution period.

#### Revenue and support:

**Public support:** Specific designations to America's Charities and certain undesignated pledges are recognized as public support to the extent remitted by the PCFO, the state employee agency or the private sector workplace. All pledges designated for a member charity are not recognized as revenue by America's Charities, but are reported as "amounts raised in campaigns" and offset by "less amounts raised on behalf of others" on the consolidated statements of activities.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Member charity fees:** Existing member charity's fees are charged based on a percentage of total pledges raised for each member charity with a minimum charge of \$9,000 for CFC/private sector. State and local public sector member charity fees are charged to each member charity electing to participate in this program based on a percentage of total pledges raised for each member charity with a minimum charge of \$7,000. In 2017, America's Charities transitioned to a new pricing approach for new member charities. Under the new approach, each member charity is assessed a fixed service fee and funds management fee based on a percentage of contributions. Member charity fees are recognized as revenue ratably over the campaign distribution period to which they apply.

**Campaign management fees:** Campaign management fees are charged to each organization based on the amount of pledges raised and a fixed contract amount and are recognized as revenue ratably over the campaign collection period to which they apply, which are usually calendar year campaigns.

**Donated services:** Donated services are recorded at the fair market value at the time of donation.

**Unrestricted net assets:** Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Certain amounts have been designated by America's Charities for specific purposes:

**Undesignated:** Represents the portion of expendable funds that are available for support of America's Charities operations.

**Board designated:** Represents unrestricted net assets that have been internally designated for future initiatives.

**Campaign advertising expenses:** Campaign advertising expenses are expensed during the period the advertising occurs.

**Functional allocation of expenses:** The costs of providing various program and supporting services have been summarized on a functional basis on the consolidated statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**Income taxes:** America's Charities, Children First, Health First and Community First are generally exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, all entities qualify for charitable contribution deductions and have been classified as organizations that are not private foundations. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. America's Charities had no unrelated business income for the years ended December 31, 2017 and 2016.

Management evaluated America's Charities tax positions and concluded that America's Charities has taken no uncertain tax positions that require adjustment to the consolidated financial statements. Generally, America's Charities is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

**Use of estimates:** The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Recent accounting pronouncements:** In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. America's Charities is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, including updates in 2016 and 2015, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. America's Charities has not yet selected a transition method and is currently evaluating the effect that the standard will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit organization's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. America's Charities has not evaluated the impact of this ASU on its consolidated financial statements.

**Subsequent events:** America's Charities evaluated subsequent events through April 20, 2018, which is the date the consolidated financial statements were available to be issued.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

#### Note 2. Property and Equipment

Property and equipment consist of the following at December 31, 2017 and 2016:

	2017	2016
Software	\$ 1,617,915	\$ 1,617,914
Furniture and equipment	148,797	148,797
Computers	123,562	123,562
Leasehold improvements	19,847	19,847
	<u>1,910,121</u>	<u>1,910,120</u>
Less accumulated depreciation and amortization	1,843,632	1,788,423
	<u>\$ 66,489</u>	<u>\$ 121,697</u>

Depreciation and amortization expense was \$55,208 and \$70,037 for the years ended December 31, 2017 and 2016, respectively.

#### Note 3. Amounts Raised in Campaigns

Public support on the consolidated statements of activities is represented net of estimated campaign expenses incurred by other organizations and shrinkage of the campaigns. America's Charities includes funds raised in a campaign that it manages as the fiscal agent if it has had substantial involvement in that campaign. The following tables present gross pledges raised by America's Charities and the reconciliation to net amounts raised in campaigns for the years ended December 31, 2017 and 2016:

	2017		
	Gross Pledges	Shrinkage	Net Promises
Combined Federal Campaign	\$ 9,589,262	\$ (1,675,130)	\$ 7,914,132
Campaign management services	17,247,588	(1,024,843)	16,222,745
Private sector	1,176,517	(103,911)	1,072,606
State and local	2,339,191	(256,981)	2,082,210
	<u>\$ 30,352,558</u>	<u>\$ (3,060,865)</u>	<u>\$ 27,291,693</u>
	2016		
	Gross Pledges	Shrinkage	Net Promises
Combined Federal Campaign	\$ 8,152,653	\$ (1,387,534)	\$ 6,765,119
Campaign management services	13,307,504	(722,839)	12,584,665
Private sector	1,886,469	(212,624)	1,673,845
State and local	2,268,212	(245,584)	2,022,628
	<u>\$ 25,614,838</u>	<u>\$ (2,568,581)</u>	<u>\$ 23,046,257</u>

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 4. Donated Services

America's Charities received donated services. The following table presents donated services separately from other expenses for the years ended December 31, 2017 and 2016:

	2017	2016
Expenses:		
Member campaign services	\$ 867,762	\$ 1,222,172
Campaign management services	2,337,194	1,731,345
Management and general	650,418	749,901
Fundraising	344,649	474,908
	<u>4,200,023</u>	<u>4,178,326</u>
Donated services	879,804	992,569
	<u>\$ 5,079,827</u>	<u>\$ 5,170,895</u>

#### Note 5. Retirement Plan

America's Charities has a 401(k) defined contribution retirement plan covering all full-time employees. Employees are eligible to participate upon the completion of one year of service and 21 years of age. Under the terms of the plan, America's Charities provides eligible employees a 4% safe harbor contribution. The organization also provides a discretionary match for voluntary deferrals. Employees are 100% vested after one year of service. Contributions were \$126,876 and \$111,271 for the years ended December 31, 2017 and 2016, respectively.

#### Note 6. Line of Credit

America's Charities has obtained an open-ended, revolving, secured \$250,000 line of credit to supplement its general working capital. This accrues an interest equal to the LIBOR index rate plus 3% per annum and requires a collateral account of \$250,000, which is included in cash on the consolidated balance sheet. The line of credit expires on August 10, 2018, and is renewed annually. There was no amount outstanding on the line at December 31, 2017 and 2016.

#### Note 7. Office Lease

America's Charities leases office space in Chantilly, Virginia, under an operating lease renewed on September 7, 2011, that expires on December 31, 2021. America's Charities was given the benefit of six months of rent abatement. Deferred rent liability of \$111,832 and \$123,987 as of December 31, 2017 and 2016, respectively, is recorded on the consolidated balance sheets in relation to the rental abatement and escalating lease payments, net of the deferred rent receivable of \$526 at December 31, 2017 from the sublease noted on the following page.

Rent expense for the years ended December 31, 2017 and 2016, was \$205,887 and \$208,740, respectively.

## America's Charities and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7. Office Lease (Continued)

America's Charities entered into a sublease agreement beginning on September 1, 2017, that expires on December 31, 2021, in which the subtenant is required to pay America's Charities escalating lease payments over the term of the sublease. The subtenant has the right to terminate the sublease at any time after the third anniversary of the sublease commencement date upon six months' notice.

America's Charities has the right to terminate the sublease effective May 31, 2019, upon nine months' notice. Deferred rent receivable at December 31, 2017 is \$526.

The future minimum rental receipts and sublease rental income, assuming neither termination option is exercised, are as follows:

	Minimum Future Rental Obligations	Sublease Rental Income	Net Rental Obligations
Payments due in:			
2018	\$ 218,884	\$ 26,221	\$ 192,663
2019	225,497	27,136	198,361
2020	232,269	28,090	204,179
2021	239,206	29,075	210,131
	<u>\$ 915,856</u>	<u>\$ 110,522</u>	<u>\$ 805,334</u>

#### Note 8. Contingencies

Campaigns are subject to audit by the U.S. Office of Personnel Management. Pledges (OPM) received by member charities may be adjusted based on determinations of these audits. In the opinion of America's Charities' management, any adjustments resulting from any audits would not be material to the consolidated financial statements. No audit of the Fall 2016 and 2015 Campaigns has been performed by OPM as of the date of issuance of these consolidated financial statements.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
America's Charities

We have audited the consolidated financial statements of America's Charities and Affiliates as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon April 20, 2018, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating and other information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

McLean, Virginia  
April 20, 2018



## America's Charities and Affiliates

### Consolidated Statement of Functional Expenses Year Ended December 31, 2017

	Member Campaign Services	Campaign Management Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Expenses:							
Salaries	\$ 406,575	\$ 1,260,017	\$ 1,666,592	\$ 434,039	\$ 185,194	\$ 619,233	\$ 2,285,825
Benefits	81,624	253,923	335,547	88,384	34,426	122,810	458,357
<b>Total employee compensation</b>	<b>488,199</b>	<b>1,513,940</b>	<b>2,002,139</b>	<b>522,423</b>	<b>219,620</b>	<b>742,043</b>	<b>2,744,182</b>
Donated services	847,304	9,750	857,054	22,750	-	22,750	879,804
Facilities	68,103	213,885	281,988	72,222	34,903	107,125	389,113
Managed campaign technology	-	150,114	150,114	-	21,055	21,055	171,169
Campaign advertising	138,409	-	138,409	-	464	464	138,873
Printing and marketing promotions	19,072	82,991	102,063	200	11,717	11,917	113,980
Professional fees	10,188	79,818	90,006	10,603	11,916	22,519	112,525
Service and bank fees	16,219	55,922	72,141	16,754	8,983	25,737	97,878
Campaign	35,859	46,393	82,252	-	6,627	6,627	88,879
Consultant fees	-	49,208	49,208	-	6,902	6,902	56,110
Depreciation	9,899	30,232	40,131	10,120	4,957	15,077	55,208
Travel and transportation	6,681	27,417	34,098	2,563	4,006	6,569	40,667
Conferences and meetings	13,389	17,675	31,064	3,099	2,725	5,824	36,888
Postage and shipping	3,431	24,357	27,788	481	3,459	3,940	31,728
Bad debt	28,835	-	28,835	-	97	97	28,932
Insurance	4,665	14,247	18,912	4,973	2,336	7,309	26,221
Office supplies	3,518	12,396	15,914	3,752	1,993	5,745	21,659
Licenses and registrations	17,321	-	17,321	-	58	58	17,379
Membership dues	1,632	10,933	12,565	731	1,586	2,317	14,882
Telephone	2,342	7,666	10,008	2,497	1,245	3,742	13,750
<b>Total expenses</b>	<b>1,226,867</b>	<b>833,004</b>	<b>2,059,871</b>	<b>150,745</b>	<b>125,029</b>	<b>275,774</b>	<b>2,335,645</b>
<b>Total</b>	<b>\$ 1,715,066</b>	<b>\$ 2,346,944</b>	<b>\$ 4,062,010</b>	<b>\$ 673,168</b>	<b>\$ 344,649</b>	<b>\$ 1,017,817</b>	<b>\$ 5,079,827</b>

## America's Charities and Affiliates

### Consolidating Balance Sheet December 31, 2017

	America's Charities	Children First – America's Charities	Health First – America's Charities	Community First – Charities of Greater Washington, D.C.	Elimination	Total
<b>Assets</b>						
Cash	\$ 5,041,612	\$ 140,321	\$ 169,919	\$ 120,622	\$ -	\$ 5,472,474
Promises to give (pledges)	2,457,214	603,150	392,260	719,052	-	4,171,676
Member charity fees receivable, net of allowance for doubtful accounts of \$75,300	340,807	216,902	106,400	54,326	-	718,435
Other receivables	278,858	73,992	3,568	13,266	(185,849)	183,835
Other assets	127,811	-	-	-	-	127,811
Property and equipment, net	66,489	-	-	-	-	66,489
Deferred leasing costs	5,201	-	-	-	-	5,201
	<u>\$ 8,317,992</u>	<u>\$ 1,034,365</u>	<u>\$ 672,147</u>	<u>\$ 907,266</u>	<u>\$ (185,849)</u>	<u>\$ 10,745,921</u>
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accounts payable and accrued expenses	\$ 421,520	\$ -	\$ 7,138	\$ 116,484	\$ (185,849)	\$ 359,293
Campaign funds payable to member/nonmember charities	6,766,583	598,885	391,062	711,544	-	8,468,074
Deferred revenue	428,228	187,787	144,575	61,167	-	821,757
Deferred rent	111,832	-	-	-	-	111,832
<b>Total liabilities</b>	<u>7,728,163</u>	<u>786,672</u>	<u>542,775</u>	<u>889,195</u>	<u>(185,849)</u>	<u>9,760,956</u>
Net assets – unrestricted:						
Undesignated	39,829	247,693	129,372	18,071	-	434,965
Board designated	550,000	-	-	-	-	550,000
<b>Total net assets</b>	<u>589,829</u>	<u>247,693</u>	<u>129,372</u>	<u>18,071</u>	<u>-</u>	<u>984,965</u>
	<u>\$ 8,317,992</u>	<u>\$ 1,034,365</u>	<u>\$ 672,147</u>	<u>\$ 907,266</u>	<u>\$ (185,849)</u>	<u>\$ 10,745,921</u>

## America's Charities and Affiliates

### Consolidating Statement of Activities Year Ended December 31, 2017

	America's Charities	Children First – America's Charities	Health First – America's Charities	Community First – Charities of Greater Washington, D.C.	Total
Support and revenue:					
Amounts raised in campaigns, net of campaign expenses incurred by other organizations and shrinkage:					
Combined Federal Campaign	\$ 3,481,341	\$ 1,381,720	\$ 922,524	\$ 2,128,547	\$ 7,914,132
Campaign management services	15,678,119	243,871	109,385	191,370	16,222,745
Private sector	787,258	177,735	105,745	1,868	1,072,606
State and local	1,227,500	483,126	366,632	4,952	2,082,210
<b>Total net amounts raised in campaigns</b>	<b>21,174,218</b>	<b>2,286,452</b>	<b>1,504,286</b>	<b>2,326,737</b>	<b>27,291,693</b>
Less amounts raised on behalf of others	20,907,014	2,252,686	1,500,359	2,301,388	26,961,447
<b>Support designated to America's Charities and Affiliates</b>	<b>267,204</b>	<b>33,766</b>	<b>3,927</b>	<b>25,349</b>	<b>330,246</b>
Member charity fees	1,350,087	721,816	458,412	167,607	2,697,922
Campaign management fees	1,138,753	-	-	-	1,138,753
Campaign advertising fees	81,220	36,919	8,640	20,640	147,419
Donated services	546,332	119,620	120,598	93,254	879,804
Other	57,505	-	-	-	57,505
<b>Total support and revenue</b>	<b>3,441,101</b>	<b>912,121</b>	<b>591,577</b>	<b>306,850</b>	<b>5,251,649</b>
Expenses:					
Program services:					
Member Campaign Services	1,140,347	289,748	190,972	93,999	1,715,066
Campaign management services	1,560,482	396,500	261,331	128,631	2,346,944
<b>Total program services</b>	<b>2,700,829</b>	<b>686,248</b>	<b>452,303</b>	<b>222,630</b>	<b>4,062,010</b>
Supporting services:					
Management and general	447,589	113,727	74,957	36,895	673,168
Fundraising	229,156	58,226	38,377	18,890	344,649
<b>Total supporting services</b>	<b>676,745</b>	<b>171,953</b>	<b>113,334</b>	<b>55,785</b>	<b>1,017,817</b>
<b>Total expenses</b>	<b>3,377,574</b>	<b>858,201</b>	<b>565,637</b>	<b>278,415</b>	<b>5,079,827</b>
<b>Change in net assets</b>	<b>63,527</b>	<b>53,920</b>	<b>25,940</b>	<b>28,435</b>	<b>171,822</b>
Net assets:					
Beginning	526,302	193,773	103,432	(10,364)	813,143
Ending	\$ 589,829	\$ 247,693	\$ 129,372	\$ 18,071	\$ 984,965