

**Centre County United Way**

Financial Statements

June 30, 2015 and 2014

# Centre County United Way

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## **Independent Auditors' Report**

Board of Directors  
Centre County United Way

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Centre County United Way, which comprise the statement of financial position as of June 30, 2015 and 2014, 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 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 Centre County United Way as of June 30, 2015 and 2014, 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.

*Baker Tilly Viechow Krause, LLP*

State College, Pennsylvania  
February 9, 2016

**Centre County United Way**

## Statement of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,108,724	\$ 1,168,300
Pledges receivable, net of allowance for uncollectible pledges of \$74,132 in 2015 and \$66,854 in 2014	626,154	709,265
Prepaid expenses and other current assets	<u>1,000</u>	<u>4,234</u>
Total current assets	1,735,878	1,881,799
Property and Equipment, Net	-	8,855
Certificates of Deposit	<u>320,943</u>	<u>442,388</u>
Total assets	<u>\$ 2,056,821</u>	<u>\$ 2,333,042</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 615	\$ 632
Allocations and designations payable	189,217	252,825
Accrued salaries and wages	11,622	10,090
Accrued expenses	3,290	-
Accrued compensated absences	5,597	2,608
Accrued payroll liabilities	<u>5,664</u>	<u>6,924</u>
Total liabilities	<u>216,005</u>	<u>273,079</u>
<b>Net Assets</b>		
Unrestricted		
Board designated	1,668,887	1,663,865
Undesignated	59,278	277,688
Temporarily restricted	<u>112,651</u>	<u>118,410</u>
Total net assets	<u>1,840,816</u>	<u>2,059,963</u>
Total liabilities and net assets	<u>\$ 2,056,821</u>	<u>\$ 2,333,042</u>

See notes to financial statements

**Centre County United Way**

## Statement of Activities

For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenue and Support</b>		
Contributions	\$ 1,645,610	\$ 1,657,153
Special events, net of expenses of \$51,885 in 2015 and \$66,868 in 2014	184,025	156,181
Miscellaneous	21,334	24,825
Investment income	<u>2,801</u>	<u>3,023</u>
Total revenue and support	1,853,770	1,841,182
<b>Net Assets Released from Restrictions</b>	<u>138,247</u>	<u>152,251</u>
Total revenue and support and assets released from restrictions	<u>1,992,017</u>	<u>1,993,433</u>
<b>Expenses</b>		
<b>Program Services</b>		
Agency allocations	1,666,994	1,635,649
Other programs	<u>149,498</u>	<u>24,451</u>
Total program services	<u>1,816,492</u>	<u>1,660,100</u>
<b>Supporting Services</b>		
Administration	140,976	141,190
Fundraising	<u>247,937</u>	<u>257,504</u>
Total supporting services	<u>388,913</u>	<u>398,694</u>
Total expenses	<u>2,205,405</u>	<u>2,058,794</u>
Decrease in unrestricted net assets	<u>(213,388)</u>	<u>(65,361)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	132,488	119,930
Net assets released from restrictions due to payment	<u>(138,247)</u>	<u>(152,251)</u>
Decrease in temporarily restricted net assets	<u>(5,759)</u>	<u>(32,321)</u>
<b>Change in Net Assets</b>	(219,147)	(97,682)
<b>Net Assets, Beginning of Year</b>	<u>2,059,963</u>	<u>2,157,645</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,840,816</u>	<u>\$ 2,059,963</u>

See notes to financial statements

Centre County United Way  
Statement of Functional Expenses  
Year Ended June 30, 2015

	Program			Administration	Fundraising	Total
	Allocations	Other Programs	Total			
Agency allocations	\$ 1,624,983	\$ -	\$ 1,624,983	\$ -	\$ -	\$ 1,624,983
Program payments	-	133,325	133,325	-	-	133,325
Total agency payments	1,624,983	133,325	1,758,308	-	-	1,758,308
Salaries and wages	31,816	7,874	39,690	45,154	127,265	212,109
Employee benefits	7,572	-	7,572	12,621	30,289	50,482
Payroll taxes	2,623	383	3,006	3,988	10,491	17,485
Total salaries and benefits	42,011	8,257	50,268	61,763	168,045	280,076
Dues/subscriptions	-	-	-	30,482	-	30,482
Professional fees	-	-	-	23,350	-	23,350
Campaign	-	-	-	-	20,991	20,991
Occupancy	-	-	-	5,876	11,931	17,807
Miscellaneous	-	-	-	4,469	9,073	13,542
Advertising	-	2,293	2,293	1,677	8,061	12,031
Equipment rent/maintenance	-	-	-	3,761	7,635	11,396
Loss on disposal of assets	-	-	-	2,922	5,933	8,855
Postage	-	-	-	2,128	4,322	6,450
Supplies	-	5,545	5,545	-	2,556	8,101
Office	-	-	-	1,497	3,040	4,537
Telephone	-	-	-	1,164	2,362	3,526
Insurance	-	-	-	854	1,733	2,587
Conferences/meetings	-	-	-	806	1,637	2,443
Travel	-	78	78	227	618	923
Total other expenses	-	7,916	7,916	79,213	79,892	167,021
Total functional expenses	\$ 1,666,994	\$ 149,498	\$ 1,816,492	\$ 140,976	\$ 247,937	\$ 2,205,405

See notes to financial statements

Centre County United Way  
Statement of Functional Expenses  
Year Ended June 30, 2014

	Program			Administration	Fundraising	Total
	Allocations	Other Programs	Total			
Agency allocations	\$ 1,596,277	\$ -	\$ 1,596,277	\$ -	\$ -	\$ 1,596,277
Salaries and wages	30,513	5,158	35,671	36,270	127,569	199,510
Employee benefits	6,142	-	6,142	7,301	26,712	40,155
Payroll taxes	2,717	620	3,337	3,229	11,145	17,711
Total salaries and benefits	39,372	5,778	45,150	46,800	165,426	257,376
Occupancy	-	-	-	14,406	29,249	43,655
Professional fees	-	-	-	30,780	-	30,780
Dues/subscriptions	-	-	-	27,598	-	27,598
Advertising	-	1,529	1,529	5,657	14,589	21,775
Equipment rent/maintenance	-	-	-	6,644	13,488	20,132
Campaign	-	-	-	-	15,697	15,697
Grants	-	12,500	12,500	-	-	12,500
Conferences/meetings	-	-	-	1,962	3,982	5,944
Miscellaneous	-	-	-	1,861	3,777	5,638
Postage	-	-	-	1,660	3,370	5,030
Supplies	-	4,628	4,628	-	130	4,758
Office	-	-	-	1,285	2,610	3,895
Telephone	-	-	-	1,117	2,269	3,386
Insurance	-	-	-	720	1,463	2,183
Travel	-	16	16	548	1,146	1,710
Total other expenses	-	18,673	18,673	94,238	91,770	204,681
Depreciation	-	-	-	152	308	460
Total functional expenses	\$ 1,635,649	\$ 24,451	\$ 1,660,100	\$ 141,190	\$ 257,504	\$ 2,058,794



# Centre County United Way

## Statement of Cash Flows

For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (219,147)	\$ (97,682)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	-	460
Loss on disposal of assets	8,855	-
(Increase) decrease in assets:		
Pledges receivable	83,111	(8,746)
Other receivables	-	170
Prepaid expenses and other current assets	3,234	(4,234)
Increase (decrease) in liabilities:		
Accounts payable	(17)	(5,868)
Allocations and designations payable	(63,608)	198,723
Accrued expenses	6,551	(653)
	<u>(181,021)</u>	<u>82,170</u>
<b>Net cash (used in) provided by operating activities</b>	(181,021)	82,170
<b>Cash Flows Provided by (Used in) Investing Activities</b>		
Decrease (increase) in certificates of deposit	121,445	(85,445)
	<u>(59,576)</u>	<u>(3,275)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(59,576)	(3,275)
<b>Cash and Cash Equivalents, Beginning</b>	1,168,300	1,171,575
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,108,724</u>	<u>\$ 1,168,300</u>

See notes to financial statements

# **Centre County United Way**

Notes to Financial Statements

June 30, 2015 and 2014

## **1. Nature of Operations and Summary of Significant Accounting Policies**

### **Nature of Operations**

The Centre County United Way (the "Organization") is a non-profit organization formed to raise community funds and allocate money to a group of member service agencies providing health, welfare, and social services in Centre County, Pennsylvania.

The Organization evaluated subsequent events for recognition or disclosure through February 9, 2016, the date the financial statements were available to be issued.

### **Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when the obligation is incurred.

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

### **Pledges Receivable**

Pledged support is considered available for unrestricted use unless specifically restricted by the donor. Unpaid pledges are written off a year and a half after the end of the campaign year.

### **Property and Equipment**

The Organization capitalizes property and equipment purchases of \$1,000 or greater. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Repairs and maintenance are expensed and major betterments are capitalized.

### **Certificates of Deposit**

Certificates of deposit are recorded in the financial statements as long-term assets based on their long-term maturity date or management's intentions to rollover the certificates of deposit over a long-term maturity.

## **Centre County United Way**

### **Notes to Financial Statements**

June 30, 2015 and 2014

#### **Member Agency Allocations**

Allocations to member agencies are recorded based on the campaign allocation recommended by the Fund Distribution Committee and approved by the Board of Directors.

#### **Functional Expenses**

The cost of providing various programs and administrative activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based primarily on time spent.

#### **Temporarily Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Organization has been limited by donors for specific purposes.

#### **Revenue Recognition**

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

#### **Donor-Restricted Gifts**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible amounts of receivables resulting from unconditional promises to give. The allowance is based on prior years' experience and management analysis of specific promises made. The allowance for uncollectible pledges was \$74,132 at June 30, 2015 and \$66,854 at June 30, 2014.

#### **Advertising**

Advertising costs are charged to expense as incurred and were \$12,031 in 2015 and \$21,775 in 2014.

# Centre County United Way

## Notes to Financial Statements

June 30, 2015 and 2014

### Income Taxes

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service 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 at June 30, 2015 and 2014.

The Organization's federal income tax returns for the years ended subsequent to June 30, 2011 remain subject to examination by the Internal Revenue Service.

### New Accounting Standards

In April 2013, the FASB issued ASU 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*. This amendment will require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Such services will be required to be measured at the cost recognized by the affiliate for the personnel providing those services. However, if this measurement will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either the cost recognized by the affiliate for the personnel providing that service or the fair value of that service. This update is effective for the Organization's fiscal year beginning July 1, 2014. The guidance is prospective and the adoption of this ASU did not have a significant impact on the Organization's financial position or results of operations.

## 2. Property and Equipment, Net

Property and equipment consists of the following at June 30:

	<u>Useful Life</u>	<u>2015</u>	<u>2014</u>
Leasehold improvements	39 years	\$ -	\$ 9,160
Equipment	3-7 years	8,500	58,877
		8,500	68,037
Accumulated depreciation		(8,500)	(59,182)
Property and equipment, net		<u>\$ -</u>	<u>\$ 8,855</u>

# Centre County United Way

## Notes to Financial Statements

June 30, 2015 and 2014

### 3. Unrestricted Net Assets

Board designated unrestricted net assets were available for the following purposes as of June 30:

	<u>2015</u>	<u>2014</u>
Agency Allocation	\$ 1,613,290	\$ 1,591,327
Community Impact	44,641	44,641
Community Initiative	5,435	5,435
Operations ASAP	4,854	4,854
Young Leaders	667	667
Women's Leadership Group	-	16,941
	<u>\$ 1,668,887</u>	<u>\$ 1,663,865</u>

### 4. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2015</u>	<u>2014</u>
Subsequent year campaign pledges	\$ 95,288	\$ 85,930
Day of caring	17,363	18,480
De Tocqueville designations	-	14,000
	<u>\$ 112,651</u>	<u>\$ 118,410</u>

### 5. Designated Payables

Donations received and designated specifically to an agency are classified as revenue for each agency and as accounts payable for the Organization. Designated payables amounted to \$189,217 and \$252,825 at June 30, 2015 and 2014, respectively.

### 6. Employee Benefit Plans

On January 1, 2014, the Organization switched from a 403(b) voluntary savings plan to a SEP IRA available to all eligible employees. Pension expense was \$22,019 and \$14,617 for the years ended June 30, 2015 and 2014, respectively, and is included in employee benefits on the statements of functional expenses.

# Centre County United Way

## Notes to Financial Statements

June 30, 2015 and 2014

### 7. Leases

The Organization leases its office and storage facilities under a non-cancellable operating lease through May 2017. Rent expense was \$13,784 and \$40,033 for the years ended June 30, 2015 and 2014, respectively. Future minimum lease commitments under this lease are \$6,000 for the year ending June 30, 2016 and \$2,500 in 2017.

The Organization also leases office equipment, under a non-cancellable operating lease through June 2019. Rent expense under this lease was \$2,880 and \$4,380 for the years ended June 30, 2015 and 2014, respectively. Future minimum lease commitments under this lease are as follows:

2016	\$	8,880
2017		5,380
2018		2,880
2019		<u>2,880</u>
Total	\$	<u>20,020</u>

### 8. Concentration of Credit Risk

The Organization maintains cash balances at local financial institutions. Accounts at these institutions are insured up to \$250,000. The Organization maintains cash balances in excess of this amount and historically has not experienced any credit related losses.