

**COUNTY UNITED WAY, INC.**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2015 and 2014

**COUNTY UNITED WAY, INC.**

Years Ended June 30, 2015 and 2014

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**SMYTH & PYLES, LLC**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

**County United Way, Inc.**  
Cumberland, Maryland

We have audited the accompanying financial statements of County United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets (deficit), 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County United Way, Inc. 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.

A handwritten signature in black ink that reads "Smith & Pyle, LLC". The signature is written in a cursive, flowing style.

Cumberland, Maryland  
September 25, 2015

**COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2015 and 2014

|   | 2015              | 2014              |
|---|-------------------|-------------------|
| <b><u>ASSETS</u></b>  |                   |                   |
| <b>CURRENT ASSETS</b>   |                   |                   |
| Cash and cash equivalents   | \$ 42,880         | \$ 61,198         |
| Pledges receivable, net of allowance for uncollectible pledges          | 259,879           | 311,556           |
| <b>TOTAL CURRENT ASSETS</b>   | <b>302,759</b>    | <b>372,754</b>    |
| <b>FURNITURE AND EQUIPMENT, net of accumulated depreciation</b>         | <b>1,783</b>      | <b>2,666</b>      |
| <b>OTHER ASSETS</b>   |                   |                   |
| Cash and cash equivalents restricted for endowment fund                 | 22,256            | 187,232           |
| Investments restricted for endowment fund                               | 358,926           | 180,592           |
| <b>TOTAL OTHER ASSETS</b>   | <b>381,182</b>    | <b>367,824</b>    |
| <b>TOTAL ASSETS</b>   | <b>\$ 685,724</b> | <b>\$ 743,244</b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                                |                   |                   |
| <b>CURRENT LIABILITIES</b>  |                   |                   |
| Accounts Payable  | \$ 2,342          | \$ 3,758          |
| Allocations payable - affiliated and unaffiliated agency appropriations | 370,932           | 422,137           |
| Payroll withholdings payable  | 10,716            | 8,324             |
| Due to United Way of America  | 6,779             | 6,779             |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>390,769</b>    | <b>440,998</b>    |
| <b>NET ASSETS</b>   |                   |                   |
| Unrestricted (deficit)  | (82,712)          | (74,632)          |
| Permanently restricted  | 377,667           | 376,878           |
| <b>TOTAL NET ASSETS</b>   | <b>294,955</b>    | <b>302,246</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                 | <b>\$ 685,724</b> | <b>\$ 743,244</b> |

See Notes to Financial Statements



COUNTY UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2015 and 2014

|  | 2015                   |                   |                   | 2014                   |                   |                   |                   |
|--|------------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
|  | Management and General | Fund-raising      | Program Services  | Management and General | Fund-raising      | Program Services  | Total             |
| Salaries                                   | \$ 18,320              | \$ 46,614         | \$ 68,592         | \$ 9,045               | \$ 48,719         | \$ 71,260         | \$ 129,024        |
| Employee benefits                          | 3,218                  | 8,187             | 12,048            | 2,166                  | 11,669            | 17,067            | 30,902            |
| Payroll taxes                              | 1,398                  | 3,558             | 5,237             | 687                    | 3,699             | 5,411             | 9,797             |
| <b>TOTAL SALARIES AND RELATED EXPENSES</b> | <b>22,936</b>          | <b>58,359</b>     | <b>85,877</b>     | <b>11,898</b>          | <b>64,087</b>     | <b>93,738</b>     | <b>169,723</b>    |
| Advertising                                | 1,464                  | 3,724             | 5,480             | 684                    | 3,686             | 5,392             | 9,762             |
| Professional fees                          | 1,893                  | 4,818             | 7,089             | 908                    | 4,890             | 7,152             | 12,950            |
| Supplies                                   | 332                    | 844               | 1,243             | 83                     | 449               | 657               | 1,189             |
| Telephone                                  | 374                    | 952               | 1,401             | 207                    | 1,115             | 1,632             | 2,954             |
| Postage and shipping                       | 391                    | 996               | 1,465             | 163                    | 881               | 1,288             | 2,332             |
| Occupancy                                  | 476                    | 1,212             | 1,785             | 267                    | 1,440             | 2,106             | 3,813             |
| Rent and equipment maintenance             | 3,723                  | 9,472             | 13,938            | 1,920                  | 10,344            | 15,130            | 27,394            |
| Printing and publications                  | 970                    | 2,467             | 3,630             | 397                    | 2,138             | 3,128             | 5,663             |
| Travel                                     | 954                    | 2,428             | 3,574             | 285                    | 1,535             | 2,245             | 4,065             |
| Insurance                                  | 411                    | 1,046             | 1,539             | 176                    | 948               | 1,386             | 2,510             |
| Miscellaneous                              | 125                    | 317               | 466               | 21                     | 116               | 169               | 306               |
| Fees and licenses                          | 341                    | 868               | 1,276             | 132                    | 711               | 1,039             | 1,882             |
| In-kind labor                              | 22,902                 | 58,273            | 85,748            | 12,973                 | 69,879            | 102,209           | 185,061           |
| <b>TOTAL BEFORE DEPRECIATION</b>           | <b>57,292</b>          | <b>145,776</b>    | <b>214,511</b>    | <b>30,114</b>          | <b>162,219</b>    | <b>237,271</b>    | <b>429,604</b>    |
| Depreciation                               | 121                    | 308               | 454               | 67                     | 362               | 531               | 960               |
| <b>TOTAL FUNCTIONAL EXPENSES</b>           | <b>\$ 57,413</b>       | <b>\$ 146,084</b> | <b>\$ 214,965</b> | <b>\$ 30,181</b>       | <b>\$ 162,581</b> | <b>\$ 237,802</b> | <b>\$ 430,564</b> |

See Notes to Financial Statements

**COUNTY UNITED WAY, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2015 and 2014

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |             |             |
| Changes in net assets  | \$ (7,291)  | \$ (57,169) |
| Adjustments to reconcile changes in net assets to net cash from operating activities |             |             |
| Depreciation   | 883         | 960         |
| Allowance for uncollectible pledges  | 30,374      | 1,003       |
| (Increase)/decrease in market value of investments                                   | 56          | 30,891      |
| Decrease (increase) in operating assets  |             |             |
| Inventory  | -           | 612         |
| Pledges receivable   | 21,304      | 143,599     |
| Increase (decrease) in operating liabilities   |             |             |
| Accounts Payable   | (1,416)     | (1,715)     |
| Allocations payable – Affiliated & Unaffiliated Agency Appropriations                | (51,205)    | (56,889)    |
| Payroll withholdings payable   | (2,392)     | 1,498       |
| NET CASH FLOWS FROM OPERATING ACTIVITIES   | (9,687)     | 62,790      |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |             |             |
| Purchase of investments  | (251,384)   | (258,177)   |
| Sales Proceeds from Investments  | 77,777      | 365,524     |
| Purchase of furniture and equipment  | -           | (1,985)     |
| Cash and cash equivalents restricted for endowment fund                              | 164,976     | (175,185)   |
| NET CASH FLOWS FROM INVESTING ACTIVITIES   | (8,631)     | (69,823)    |
| NET DECREASE IN CASH AND CASH EQUIVALENTS  | (18,318)    | (7,033)     |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR   | 61,198      | 68,231      |
| CASH AND CASH EQUIVALENTS, END OF YEAR   | \$ 42,880   | \$ 61,198   |
| <br><b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>                          |             |             |
| Contributed facilities and services  | \$ 214,541  | \$ 228,207  |

See Notes to Financial Statements



## COUNTY UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 – Summary of significant accounting principles

##### Nature of activities

County United Way, Inc. (d/b/a United Ways of the Potomac Highlands) (the "Organization" or "County United Way") is a nonprofit organization governed by a volunteer board of directors, including the United Ways of Allegany, Garrett, Hampshire, and Mineral Counties, following the guidance of the national organization of the United Way of America. Its purpose is to raise funds from the general public to be disbursed to various local nonprofit agencies.

##### Tax status

County United Way, Inc. is a nonprofit, nonstock organization incorporated under the laws of the State of Maryland. It is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. However, it is primarily a publicly supported organization. As a result, contributions made to the County United Way, Inc. are deductible by the donors in computing their taxable income to the extent provided by Section 170 of the 1954 Internal Revenue Code.

The Organization's tax filings are subject to audit by various authorities. The Organization's federal income tax returns for years before 2011 are no longer subject to examination by the Internal Revenue Service. The Organization believes it is not subject to any uncertain tax positions.

##### Campaign support

Annual campaigns are conducted in and around Allegany and Garrett Counties of Maryland and Mineral and Hampshire Counties of West Virginia each year to raise support for allocation to participating agencies in the subsequent year. The campaign year is considered to be from May 1 to April 30. Pledges by certain businesses or their employees, as a group, are individually material to the financial statements.

##### Financial statement presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows and a statement of functional expenses.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of significant accounting principles (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

If the Organization receives cash or other financial assets from a donor to be transferred to a specified beneficiary, then the Organization shall recognize its liability to the specified beneficiary concurrent with its recognition of the assets received from the donor.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Changes in the market value of investments are included in the changes in net assets.

Functional expenses

All functional expenses are recorded in the period incurred regardless of when paid.

Estimates

Preparation of financial statements in accordance with U.S. generally accepted accounting principles necessitates the use of estimates of certain amounts. County United Way, Inc. uses estimates to determine the uncollectible amounts of pledges receivable, the remaining estimated useful lives of furniture and equipment, and the fair market value of donated furniture and equipment and marketable equity securities. It is reasonably possible that these estimates may change in the near term.

Cash and cash equivalents

For purposes of the statements of cash flows, County United Way, Inc. considers all certificates of deposit and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Pledges receivable**

“Pledges receivable” represents pledges made to finance the next year’s activity but not paid at June 30. Pledges not paid at June 30, 2015 and 2014, consisted of:

|                                     | <b>2015</b> | <b>2014</b> |
|-------------------------------------|-------------|-------------|
| Pledges receivable                  | \$ 432,090  | \$ 453,393  |
| Allowance for uncollectible pledges | (172,211)   | (141,837)   |
| Total                               | \$ 259,879  | \$ 311,556  |

As of June 30, 2015, there was \$1,089 of receivables due from the 2016 campaign, \$343,139 of receivables due from the 2015 campaign and \$87,862 of receivables from the 2014 campaign.

As of June 30, 2014, there was \$1,365 of receivables due from the 2015 campaign, \$317,399 of receivables due from the 2014 campaign and \$134,629 of receivables from the 2013 campaign.

**Note 3 – Furniture and equipment**

County United Way, Inc. capitalizes expenditures greater than \$100 for furniture and equipment. All purchased furniture and equipment are carried at original cost. Donated furniture and equipment are carried at their fair market value as of the date received. Depreciation is recorded using straight-line and accelerated depreciation methods over the useful life of 5 to 7 years. A summary of furniture and equipment is as follows:

|                          | <b>June 30,</b> |             |
|--------------------------|-----------------|-------------|
|                          | <b>2015</b>     | <b>2014</b> |
| Cost                     | \$ 58,560       | \$ 58,560   |
| Accumulated depreciation | (56,777)        | (55,894)    |
| Net book value           | \$ 1,783        | \$ 2,666    |

**Note 4 – Other assets - endowment fund**

County United Way, Inc. has established an endowment fund which when completely funded is planned to fund the functional expenses of the Organization with the interest and dividends from the assets contained in the fund. The endowment fund is being funded by pledges from donors which are permanently restricted by the donors.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 – Other assets - endowment fund (continued)

Interest and dividends earned, until the endowment fund is completely funded are also restricted. The Organization will consider the fund “fully funded” when the balance achieves \$5,200,000.

The Mission of the Endowment is: To build a substantial, permanent endowment fund, created through the gifts of many individual and corporate donors over time, invested for long-term growth, which will guarantee forever an independent annual base of financial stability for the County United Way.

The principal shall be maintained in perpetuity, unless recommended by the Endowment Committee to the Board of Directors of County United Way to do otherwise. Income, in the form of interest, dividends or realized capital gains, may be used for program support that is not dependent upon fluctuations in annual contributions, but only at the direction of the Board of Directors, following a request from a county’s Executive Committee.

All investment increases (decreases) will continue to roll over into the endowment. Use of all interest income or any part of the principal will be at the sole discretion of the trustees of the County United Way.

The Endowment Committee pursuant to the Bylaws of County United Way provides guidance to managing the endowment funds. The committee is composed of at least 1 representative from each geographical area that has a vested interest in the endowment. The committee shall also include the Treasurer of the Organization and include individuals with experience or training in investing funds, financial or business management.

In April 2009, the State of Maryland enacted a version of Uniform Prudent Management of Institutional Funds Act. The new law, eliminates the historical-dollar-threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor’s intent as expressed in a gift agreement or similar document, a Maryland charitable organization may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

All assets of the endowment are donor and permanently restricted.

**COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Other assets - endowment fund (continued)**

A summary of the investments is as follows:

| <u>2015</u>      | <u>Market<br/>Value</u> | <u>Cost<br/>Basis</u> | <u>Unrealized<br/>Gain/(Loss)</u> |
|------------------|-------------------------|-----------------------|-----------------------------------|
| Allegany County  | \$298,780               | \$296,424             | \$2,356                           |
| Hampshire County | 33,123                  | 32,863                | 260                               |
| Mineral County   | 15,166                  | 15,047                | 119                               |
| Garrett County   | <u>11,857</u>           | <u>11,764</u>         | <u>93</u>                         |
| Total            | <u>\$358,926</u>        | <u>\$356,098</u>      | <u>\$ 2,828</u>                   |
|                  |                         |                       |                                   |
| <u>2014</u>      | <u>Value</u>            | <u>Basis</u>          | <u>Gain/(Loss)</u>                |
| Allegany County  | \$150,329               | \$148,762             | \$1,567                           |
| Hampshire County | 16,666                  | 16,492                | 174                               |
| Mineral County   | 7,631                   | 7,551                 | 80                                |
| Garrett County   | <u>5,966</u>            | <u>5,904</u>          | <u>62</u>                         |
| Total            | <u>\$180,592</u>        | <u>\$178,709</u>      | <u>\$1,883</u>                    |

All marketable securities are available-for-sale and can be liquidated at any time.

The endowment fund cash and cash equivalents are allocated as follows:

|                  | <u>June 30,</u>  |                   |
|------------------|------------------|-------------------|
|                  | <u>2015</u>      | <u>2014</u>       |
| Allegany County  | \$ 18,527        | \$ 155,857        |
| Hampshire County | 2,054            | 17,279            |
| Mineral County   | 940              | 7,911             |
| Garrett County   | <u>735</u>       | <u>6,185</u>      |
| Total            | <u>\$ 22,256</u> | <u>\$ 187,232</u> |

The following schedule summarizes the investment return and its classification in the statement of activities and changes in net assets (deficit) for the years ended June 30:

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 4 – Other assets - endowment fund (continued)**

| <u>2015</u>   | <u>Unrestricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>     |
|---|---------------------|-----------------------------------|------------------|
| Interest and dividend income, net of<br>management fees | \$ 62               | \$ 5,844                          | \$ 5,906         |
| Realized Gains  | -                   | 7,569                             | 7,569            |
| Increase (Decrease) in market<br>value of investments   | <u>-</u>            | <u>(56)</u>                       | <u>(56)</u>      |
| Total   | <u>\$ 62</u>        | <u>\$ 13,357</u>                  | <u>\$ 13,419</u> |

| <u>2014</u>   | <u>Unrestricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>     |
|---|---------------------|-----------------------------------|------------------|
| Interest and dividend income, net of<br>management fees | \$ 10               | \$ 6,263                          | \$ 6,273         |
| Realized Gains  | -                   | 61,576                            | 61,576           |
| Increase (Decrease) in market<br>value of investments   | <u>-</u>            | <u>(30,891)</u>                   | <u>(30,891)</u>  |
| Total   | <u>\$ 10</u>        | <u>\$ 36,948</u>                  | <u>\$ 36,958</u> |

**Note 5 – Fair value measurements**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures,” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 5 – Fair value measurements (continued)**

Level 3 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2015:

| <b>Investments at Fair Value as of June 30, 2015</b> |                |                |                |              |
|--|----------------|----------------|----------------|--------------|
|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Mutual funds and stocks                              |                |                |                |              |
| Equity funds and stocks                              | \$ 209,277     | \$ -           | \$ -           | 209,277      |
| Fixed income funds                                   | 149,649        | -              | -              | 149,649      |
| <br>Total investments<br>at fair value               | \$ 358,926     | \$ -           | \$ -           | 358,926      |

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2014:

| <b>Investments at Fair Value as of June 30, 2014</b> |                |                |                |              |
|--|----------------|----------------|----------------|--------------|
|  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Mutual funds and stocks                              |                |                |                |              |
| Equity funds and stocks                              | \$ 104,798     | \$ -           | \$ -           | 104,798      |
| Fixed income funds                                   | 75,794         | -              | -              | 75,794       |
| <br>Total investments<br>at fair value               | \$ 180,592     | \$ -           | \$ -           | 180,592      |

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 6 – Subsequent year’s appropriations**

The nonaffiliated agency appropriations can be payable more than one year from the date of receiving the pledge.

The 2016 Campaign Appropriations have been recorded as a payable as of June 30, 2015. These amounts will be paid monthly from July 1, 2015 through June 30, 2016. The appropriations are determined by the Board of Directors.

**Note 7 – Net assets**

The net assets of the Organization as of June 30, 2015 and 2014, were \$294,955 and \$302,246, respectively, which consisted of \$(82,712) and \$(74,632) of unrestricted and \$377,667 and \$376,878, of permanently restricted, respectively.

As discussed in Note 4, County United Way, Inc. has established an endowment fund. The fund consists of cash and cash equivalents, investments, and pledges receivable that have been permanently restricted by the donors. The net assets of the endowment totaled \$381,182 and \$367,824 as of June 30, 2015 and 2014, respectively.

**Note 8 – Allowance for uncollectible pledges**

The Organization historically has not collected 8%-12% of the pledges received from the annual campaign. Based on the results of the most recently completed campaign, the Organization has determined that an allowance of 12% is appropriate in the current year’s campaign. The Organization used an 8% allowance for the year ended June 30, 2013. The Organization calculated and estimated the uncollectible portion of pledges receivable as of June 30, 2015 and 2014, to be \$172,211 and \$141,837, respectively. For the year ended June 30, 2015, \$88,190 was from the 2014 campaign, \$83,566 was from the 2015 campaign, and \$455 from the 2016 campaign. Any variance in the actual uncollectible pledges and the allowance account for a campaign is adjusted in the following year.

**Note 9 – Pension plan**

The Organization provides eligible employees with a Simplified Employee Pension plan with Mutual of America. To be eligible, an employee must be at least 21 years old and have completed one year of service. Contributions are made solely by County United Way, Inc. at ten percent of each eligible employee’s salary. An employee’s eligible salary does not include performance bonuses. All retirement benefits are fully and immediately vested. County



**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9 – Pension plan (continued)**

United Way, Inc. made contributions to the plan, net of dividends, in 2015 and 2014, of \$10,786 and \$11,913, respectively.

The plan also provides for disability income, as well as protection of the employee's retirement plan in the event of disability, with contributions funded by the County United Way, Inc.

**Note 10 – Credit risk**

As of June 30, 2015 and 2014, the Organization has recorded pledges receivable from various corporate and individual donors. These pledges receivable are not collateralized.

At times throughout each year, the Organization may maintain cash balances in certain bank accounts in excess of the FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk in these accounts.

**Note 11 – Contributed facilities and services**

The Organization received in-kind revenue contributions of \$214,541 and \$228,207 for the years ended June 30, 2015 and 2014, respectively. The in-kind revenue consists of office space rental, utilities related to the office space, professional fees, advertising, labor, and prescription cards. The contributions are summarized as follows:

|   | <b>June 30,</b>   |                   |
|---|-------------------|-------------------|
|   | <b>2015</b>       | <b>2014</b>       |
| Office space  | \$ 22,541         | \$ 21,468         |
| Utilities   | 1,890             | 1,800             |
| Professional fees                                       | 3,300             | 3,200             |
| Advertising   | 9,500             | 9,500             |
| Labor   | 166,923           | 185,061           |
| Postage   | -                 | 42                |
| Day of Caring and Sharing Expenses<br>and Stuff the Bus | 10,387            | 7,136             |
| <b>Total</b>  | <b>\$ 214,541</b> | <b>\$ 228,207</b> |

The Organization utilizes office space provided by Susquehanna Bank at no charge for rent or electricity. The fair market value of rent and electricity has been included in contributed revenue and correlating expenses. Rent expense has been included in the Statement of Functional Expenses as "Rent and Equipment Maintenance." Rent expense for the years ended June 30, 2015 and 2014, amounted to \$22,541 and \$21,468 respectively.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 12 – Current year's pledge revenue

2015

The current year's pledge revenue represents 2014, 2015, and 2016 campaign pledges received after June 30, 2014 and 2016 campaign pledges received by June 30, 2015, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

|                                 |                   |
|---------------------------------|-------------------|
| Pledges received                | \$ 701,737        |
| Estimated uncollectible pledges | <u>(84,209)</u>   |
| Total                           | <u>\$ 617,528</u> |

Pledge revenue consists of \$5,041 from the 2014 campaign, \$692,908 from the 2015 campaign, and \$3,788 from the 2016 campaign.

The remainder of the 2016 campaign pledge revenue will be recognized in the June 30, 2016 financial statements since the campaign concludes on April 30, 2016.

2014

The current year's pledge revenue represents 2014, and 2015 campaign pledges received after June 30, 2013 and 2015 campaign pledges received by June 30, 2014, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

|                                 |                   |
|---------------------------------|-------------------|
| Pledges received                | \$ 724,022        |
| Estimated uncollectible pledges | <u>(89,176)</u>   |
| Total                           | <u>\$ 634,846</u> |

Pledge revenue consists of \$720,548 from the 2014 campaign and \$3,474 from the 2015 campaign.

The remainder of the 2015 campaign pledge revenue was recognized in the June 30, 2015 financial statements since the campaign concluded on April 30, 2015.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 13 – Disclosure of certain risks and uncertainties**

The Organization holds investments in various investment securities. Investment securities are exposed to risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the endowment fund balance and the amounts reported in the statements of financial position.

**Note 14 – Special Programs**

Special Programs on the Statements of Activities and Changes in Net Assets (Deficit) consists of revenues and expenses for the Dolly Parton Imagination Library and the Western Maryland Mission of Mercy. The Dolly Parton Imagination Library provides free books to children from birth to age 5. The Western Maryland Mission of Mercy provides dental services to low income, uninsured and underserved adults. These funds are separate from the annual campaign.

**Note 15 - Operating Lease**

The Organization leased a copier for sixty months beginning September 2013 with monthly payments of \$182. Total payments under this agreement for the years ended June 30, 2015 and June 30, 2014 were \$2,184 and \$2,269, respectively.

The schedule of future lease commitments under this lease obligation is as follows:

Years ending June 30,

|      |                 |
|------|-----------------|
| 2016 | \$ 2,184        |
| 2017 | 2,184           |
| 2018 | 2,184           |
| 2019 | <u>546</u>      |
|      | <u>\$ 7,098</u> |

**Note 16 - Subsequent events**

The Organization has evaluated subsequent events through September 25, 2015 which is the date that the financial statements were available to be released.