

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2016 and 2015



HALL, KISTLER & COMPANY LLP  
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

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C O N T E N T S

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
United Way of Greater Stark County, Inc.  
Canton, Ohio

We have audited the accompanying financial statements of United Way of Greater Stark County, Inc. (United Way), which comprise the statements of financial position as of March 31, 2016 and 2015, 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.

### **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 the United Way as of March 31, 2016 and 2015, 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.

*Hall, Kistler & Company LLP*  
Certified Public Accountants

Canton, Ohio  
July 26, 2016



STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,552,177	\$ 1,623,545
Restricted cash	8,947	8,938
Accrued investment income	11,063	11,117
Pledges receivable, net	3,265,843	3,562,648
Prepaid expenses	14,030	15,235
Loans and advances	204,774	233,208
Investments, at fair value	5,071,973	5,070,561
Equipment, net	294,236	325,987
TOTAL ASSETS	<u>\$ 10,423,043</u>	<u>\$ 10,851,239</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 69,043	\$ 99,026
Accrued payroll and withholding taxes	66,022	42,642
Allocations payable	20,939	13,038
Designations payable	318,675	282,534
Miscellaneous payable	29,301	13,280
TOTAL LIABILITIES	<u>503,980</u>	<u>450,520</u>
Commitments - Note K	-	-
Net assets:		
Unrestricted:		
Appropriated - Note F	1,760,576	2,049,003
Unappropriated	1,480,089	1,294,746
	<u>3,240,665</u>	<u>3,343,749</u>
Temporarily restricted - Note G	6,678,398	7,056,970
TOTAL NET ASSETS	<u>9,919,063</u>	<u>10,400,719</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,423,043</u>	<u>\$ 10,851,239</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b><u>PUBLIC SUPPORT &amp; REVENUE</u></b>				
Gross campaign results - current				
contributions received	\$ -	\$ 6,392,173	\$ -	\$ 6,392,173
Less: Donor designations	12,681	(376,399)	-	(363,718)
Provision for uncollectible	40,371	(190,033)	-	(149,662)
Net campaign revenue	53,052	5,825,741	-	5,878,793
Grants and contracts	115,953	-	-	115,953
Investment income, net of				
fees of \$34,874	52,025	-	-	52,025
Loss on disposal of assets	-	-	-	-
Net (loss) on assets reported				
at fair value	(67,240)	-	-	(67,240)
Miscellaneous income	249,607	-	-	249,607
Other assets (released from)				
transferred to unrestricted	(49,142)	49,142	-	-
Prior year net campaign revenue				
released from restriction	6,253,455	(6,253,455)	-	-
TOTAL REVENUE	6,607,710	(378,572)	-	6,229,138
<b><u>EXPENSES</u></b>				
Program services:				
Allocations to agencies	4,372,172	-	-	4,372,172
Volunteer and community services	183,136	-	-	183,136
Planning and allocations	264,670	-	-	264,670
Ways to Work/VITA	334,512	-	-	334,512
211 and emergency				
assistance	553,455	-	-	553,455
Total program services	5,707,945	-	-	5,707,945
Supporting services:				
Management and general	329,019	-	-	329,019
Fund raising	673,830	-	-	673,830
Total supporting services	1,002,849	-	-	1,002,849
TOTAL EXPENSES	6,710,794	-	-	6,710,794
Change in net assets	(103,084)	(378,572)	-	(481,656)
Net assets at beginning of period	3,343,749	7,056,970	-	10,400,719
Net assets at end of period	\$ 3,240,665	\$ 6,678,398	\$ -	\$ 9,919,063

The accompanying notes are an integral part of these financial statements.



STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<u>PUBLIC SUPPORT &amp; REVENUE</u>				
Gross campaign results - current				
contributions received	\$ -	\$ 6,896,807	\$ -	\$ 6,896,807
Less: Donor designations	43,543	(372,158)	-	(328,615)
Provision for uncollectible	(14,646)	(202,012)	-	(216,658)
Net campaign revenue	28,897	6,322,637	-	6,351,534
Grants and contracts	204,534	-	-	204,534
Investment income, net of				
fees of \$31,622	46,701	-	-	46,701
(Loss) on disposal of assets	(114,479)	-	-	(114,479)
Net gain on assets reported				
at fair value	146,998	-	-	146,998
Miscellaneous income	322,045	-	-	322,045
Other assets (released from)				
transferred to unrestricted	(34,824)	34,824	-	-
Prior year net campaign revenue				
released from restriction	6,270,806	(6,270,806)	-	-
TOTAL REVENUE	6,870,678	86,655	-	6,957,333
<u>EXPENSES</u>				
Program services:				
Allocations to agencies	4,518,927	-	-	4,518,927
Volunteer and community services	200,665	-	-	200,665
Planning and allocations	249,320	-	-	249,320
Ways to Work/VITA	315,006	-	-	315,006
211 and emergency				
assistance	595,112	-	-	595,112
Total program services	5,879,030	-	-	5,879,030
Supporting services:				
Management and general	299,219	-	-	299,219
Fund raising	719,060	-	-	719,060
Total supporting services	1,018,279	-	-	1,018,279
TOTAL EXPENSES	6,897,309	-	-	6,897,309
Change in net assets	(26,631)	86,655	-	60,024
Net assets at beginning				
of period	3,370,380	6,970,315	-	10,340,695
Net assets at end of period	\$ 3,343,749	\$ 7,056,970	\$ -	\$ 10,400,719

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2016

	PROGRAM SERVICES					SUPPORTING SERVICES				
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	WAYS TO WORK/VITA	211 AND EMERGENCY ASSISTANCE	TOTAL	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	TOTAL
Salaries	\$ -	\$ 78,827	\$ 146,206	\$ 192,171	\$ 259,651	\$ 676,855	\$ 154,671	\$ 336,288	\$ 490,959	\$ 1,167,814
Employee benefits	-	4,059	18,571	27,189	5,893	55,712	16,444	32,641	49,085	104,797
Payroll taxes	-	6,082	10,655	14,050	19,647	50,434	11,890	23,923	35,813	86,247
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	-	88,968	175,432	233,410	285,191	783,001	183,005	392,852	575,857	1,358,858
Allocations to agencies	4,372,172	-	-	-	-	4,372,172	-	-	-	4,372,172
Professional fees	-	2,265	29,466	8,481	36,816	77,028	34,070	13,679	47,749	124,777
Supplies	-	6,754	2,071	3,679	5,180	17,684	4,898	4,312	9,210	26,894
Telephone	-	1,022	2,407	3,636	6,567	13,632	5,256	5,096	10,352	23,984
Postage and shipping	-	1	96	671	739	1,507	2,934	5,632	8,566	10,073
Occupancy	-	14,358	22,016	7,498	52,505	96,377	26,324	56,636	82,960	179,337
Repairs and maintenance	-	4,383	10,027	11,646	11,113	37,169	11,332	26,896	38,228	75,397
Printing and publications	-	13,867	169	12,350	6,983	33,369	12,528	98,342	110,870	144,239
Travel	-	525	1,457	2,909	2,888	7,779	(54)	10,568	10,514	18,293
Conferences and meetings	-	38,325	3,466	2,261	558	44,610	6,394	14,304	20,698	65,308
Specific assistance to individuals	-	-	-	-	107,703	107,703	-	-	-	107,703
Payments made to affiliated organizations	-	6,193	9,176	13,459	25,308	54,136	10,837	23,687	34,524	88,660
Membership dues	-	208	616	2,864	(73)	3,615	612	1,070	1,682	5,297
Insurance	-	-	-	-	-	-	14,425	-	14,425	14,425
Bad debt	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	1,029	239	28,913	46	30,227	6,855	95	6,950	37,177
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	4,372,172	177,898	256,638	331,777	541,524	5,680,009	319,416	653,169	972,585	6,652,594
Depreciation	-	5,238	8,032	2,735	11,931	27,936	9,603	20,661	30,264	58,200
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 4,372,172</u>	<u>\$ 183,136</u>	<u>\$ 264,670</u>	<u>\$ 334,512</u>	<u>\$ 553,455</u>	<u>\$ 5,707,945</u>	<u>\$ 329,019</u>	<u>\$ 673,830</u>	<u>\$ 1,002,849</u>	<u>\$ 6,710,794</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2015

	PROGRAM SERVICES					SUPPORTING SERVICES				
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	WAYS TO WORK/ VITA	211 AND EMERGENCY ASSISTANCE	TOTAL	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	TOTAL
Salaries	\$ -	\$ 88,076	\$ 137,108	\$ 160,632	\$ 260,282	\$ 646,098	\$ 142,192	\$ 349,918	\$ 492,110	\$ 1,138,208
Employee benefits	-	4,103	15,250	20,690	5,720	45,763	14,102	32,159	46,261	92,024
Payroll taxes	-	6,807	10,145	11,861	28,151	56,964	10,550	24,625	35,175	92,139
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	-	<b>98,986</b>	<b>162,503</b>	<b>193,183</b>	<b>294,153</b>	<b>748,825</b>	<b>166,844</b>	<b>406,702</b>	<b>573,546</b>	<b>1,322,371</b>
Allocations to agencies	4,518,927	-	-	-	-	4,518,927	-	-	-	4,518,927
Professional fees	-	4,227	30,528	10,200	36,016	80,971	31,872	29,754	61,626	142,597
Supplies	-	2,765	1,722	5,738	3,588	13,813	3,927	4,890	8,817	22,630
Telephone	-	1,106	1,860	3,684	2,885	9,535	2,630	4,554	7,184	16,719
Postage and shipping	-	169	248	276	975	1,668	3,595	10,218	13,813	15,481
Occupancy	-	13,790	21,145	31,411	28,024	94,370	25,282	54,394	79,676	174,046
Repairs and maintenance	-	6,353	12,301	14,364	13,829	46,847	10,978	35,176	46,154	93,001
Printing and publications	-	5,329	-	20,807	10,824	36,960	14,238	105,768	120,006	156,966
Travel	-	964	1,503	3,082	2,919	8,468	967	13,996	14,963	23,431
Conferences and meetings	-	48,301	901	1,095	857	51,154	3,666	10,975	14,641	65,795
Specific assistance to individuals	-	-	-	-	172,363	172,363	-	-	-	172,363
Payments made to affiliated organizations	-	6,123	9,455	13,867	25,304	54,749	11,166	24,133	35,299	90,048
Membership dues	-	525	412	3,413	1,075	5,425	285	1,101	1,386	6,811
Insurance	-	-	-	-	-	-	8,403	-	8,403	8,403
Bad debt	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	7,693	97	4,015	37	11,842	7,421	305	7,726	19,568
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>4,518,927</b>	<b>196,331</b>	<b>242,675</b>	<b>305,135</b>	<b>592,849</b>	<b>5,855,917</b>	<b>291,274</b>	<b>701,966</b>	<b>993,240</b>	<b>6,849,157</b>
Depreciation	-	4,334	6,645	9,871	2,263	23,113	7,945	17,094	25,039	48,152
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,518,927</b>	<b>\$ 200,665</b>	<b>\$ 249,320</b>	<b>\$ 315,006</b>	<b>\$ 595,112</b>	<b>\$ 5,879,030</b>	<b>\$ 299,219</b>	<b>\$ 719,060</b>	<b>\$ 1,018,279</b>	<b>\$ 6,897,309</b>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (481,656)	\$ 60,024
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	58,200	48,152
Provision for uncollectible pledges	190,033	202,012
(Gain)/loss on investments reported at fair value	67,240	(146,998)
(Gain)/loss on disposal of property	-	114,479
Decrease (increase) in assets:		
Accrued investment income	54	(3,193)
Restricted cash	(9)	(8)
Pledges receivable	106,772	(411,790)
Prepaid expenses	1,205	(20)
(Decrease) increase in liabilities:		
Accounts payable	(29,983)	29,196
Accrued payroll and withholding taxes	23,380	9,493
Allocations payable	7,901	4,740
Designations payable	36,141	(27,399)
Miscellaneous payable	16,021	8,426
Total adjustments	<u>476,955</u>	<u>(172,910)</u>
Cash (used in) operating activities	<u>(4,701)</u>	<u>(112,886)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,748,537	2,309,293
Purchase of investments	(1,817,190)	(2,363,753)
Repayment of loan receivables	28,434	30,289
Purchase of equipment	(26,448)	(273,038)
Cash provided by (used in) investing activities	<u>(66,667)</u>	<u>(297,209)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(71,368)	(410,095)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,623,545</u>	<u>2,033,640</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,552,177</u>	<u>\$ 1,623,545</u>

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

### UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2016 and 2015

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Operations

The United Way of Greater Stark County, Inc. (United Way) serves all of Stark County and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties. United Way recruits volunteers and raises funds to provide support to the community through a wide variety of programs and agencies to address human needs with measurable results.

##### Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, other assets, payables and other liabilities.

##### Basis of Presentation

United Way reports information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Cash Equivalents

Cash equivalents consist of money market instruments and certificates of deposit purchased with original maturities of three months or less. The basis of cash equivalents approximates market value.

##### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted prices in active markets (all Level 1 measurements), with gains or losses included in the statement of activities. Interest and dividend income, net of applicable management fees, and net realized and unrealized gains or losses on fair value of investments are each reported in the period earned as increases or decreases in unrestricted net assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments (Continued)

FASB ASC 820-10 *Fair Value Measurements*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

For the years ended March 31, 2016 and 2015 the United Way engaged solely in Level 1 inputs.

#### Concentration of Credit Risk

United Way's receivables are primarily from individuals and businesses in the greater Stark County, and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties of Ohio.

At March 31, 2016 and 2015, cash and cash equivalent balances as confirmed by the banks were in excess of Federally insured limits. United Way believes that no significant credit risk exists on its cash and cash equivalent balances.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions

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

Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time 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.

Pledges are recorded in the statement of financial position as they are received and an allowance is computed using historical averages adjusted by management estimates of current economic conditions applied to gross campaign (see Note C).

#### Functional Allocation of Expenses

Costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Income Taxes

United Way is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

*Uncertain Tax Positions.* The United Way adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The provisions prescribe a two-step process for recognizing and measuring income tax uncertainties. First, a threshold condition of “more likely than not” should be met to determine whether any of the benefit from an uncertain tax position should be recognized in the financial statements. If the recognition threshold is met, FASB ASC 740-10 provides additional guidance on measuring the amount of the uncertain tax position. The United Way may recognize a tax benefit from an uncertain tax position under FASB ASC 740-10 only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

statements from an uncertain position should be measured under FASB ASC 740-10 based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FASB ASC 740-10 also provides guidance on derecognition, classification, transition and increased disclosure of uncertain tax positions. The United Way recognized no liability for unrecognized tax benefits resulting from the adoption of FASB ASC 740-10 or as of March 31, 2016 and 2015.

Donor Designations

Donor designations deducted from current year campaign contributions on the statement of activities consist of all pledges designated to external entities/agencies/programs over which the United Way exercises/retains no discretion as to the use due to: Donor instruction, contractual agreement between the organizations as to the distribution of pledges across services and boundaries or other circumstances that remove the United Way's discretion as to use.

NOTE B - INVESTMENTS

Investments stated at fair value based on quoted prices in active markets (all Level 1 measurements) are summarized as follows as of March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
U.S. Government and agencies	\$ 2,790,506	\$ 2,546,840
Mutual Funds:		
Fixed income	148,722	276,535
Equity	841,537	1,053,936
Marketable equity securities	1,291,208	1,193,250
	<u>\$ 5,071,973</u>	<u>\$ 5,070,561</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE C - PLEDGES RECEIVABLE**

Pledges receivable and related information at March 31, 2016 and 2015 are summarized as follows:

	PLEDGE YEAR 2016		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 6,334,449	\$ 6,699,094	\$ 13,033,543
Collections to date	(2,878,573)	(6,519,905)	(9,398,478)
Unpaid pledge amount	3,455,876	179,189	3,635,065
Allowance for uncollectible accounts	(190,033)	(179,189)	(369,222)
	\$ 3,265,843	\$ -	\$ 3,265,843
	PLEDGE YEAR 2015		
	CURRENT	PRIOR	TOTAL
Gross pledges	\$ 6,733,741	\$ 6,627,293	\$ 13,371,034
Collections to date	(2,969,080)	(6,466,441)	(9,435,521)
Unpaid pledge amount	3,764,661	170,852	3,935,513
Allowance for uncollectible accounts	(202,013)	(170,852)	(372,865)
	\$ 3,562,648	\$ -	\$ 3,562,648

**NOTE D - LOANS RECEIVABLE**

Loans receivable represent funds advanced to agencies participating in the defined benefit plan to cover their respective portion of the termination liability. Loans are stated at unpaid balances, less any applicable allowance for loan loss. The loans are collateralized by future allocations from the United Way. At March 31, 2016 and 2015 future allocations to the agencies were sufficient to cover the entire outstanding principal balance and as such no allowance has been recorded. Repayment terms are 10 years and interest will be charged at a rate of 1% for the first five years and 4% for the remaining term. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. The loans had an outstanding principal balance of \$204,774 and \$233,208 as of March 31, 2016 and 2015, respectively.

Interest received was \$2,048 and \$2,497 for the years ended March 31, 2016 and 2015, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - EQUIPMENT

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 15 years. Provision for depreciation amounted to \$58,200 and \$48,152 for the years ended March 31, 2016 and 2015, respectively.

Equipment is summarized as follows at March 31, 2016 and 2015:

	2016	2015
Office equipment	\$ 407,997	\$ 386,340
Leasehold improvements	229,322	229,322
	637,319	615,662
Accumulated depreciation	(343,083)	(289,675)
	\$ 294,236	\$ 325,987

NOTE F - APPROPRIATED UNRESTRICTED NET ASSETS

By action of the Board of Trustees, certain unrestricted net assets have been appropriated for specific purposes. The following schedule summarizes, by purpose, the composition of these net assets at March 31, 2016 and 2015:

	2016	2015
<u>APPROPRIATED FOR</u>		
Operating reserves	\$ 1,560,000	\$ 1,720,000
Accumulated increase on investments reported at fair value	200,576	329,003
	\$ 1,760,576	\$ 2,049,003

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Campaign revenue for future allocation period	\$ 5,831,307	\$ 6,259,020
CARE Team	847,091	797,950
	\$ 6,678,398	\$ 7,056,970

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE H - PENSION PLAN

Thrift Plan

United Way adopted a contributory tax deferred nonparticipating annuity plan under rules provided under Internal Revenue Code Section 403(b). The Organization makes a matching contribution of 3% of an employees' salary. Elective deferrals may be made by employees. Expenses reported in the financial statements for this plan amounted to \$21,483 and \$18,323 for the years ended March 31, 2016 and 2015, respectively.

NOTE I - OPERATING LEASES

United Way has entered into various noncancellable operating lease agreements for the rental of office facilities (see Note N), 211 emergency service facilities (see Note O) and equipment. Minimum rentals are as follows:

YEAR ENDED MARCH 31:

2017	\$ 161,269
2018	161,269
2019	161,269
2020	161,755
2021	162,000
Thereafter	540,000
TOTAL	<u><u>\$1,347,562</u></u>

Rent expense charged to operations was \$144,000 and \$176,678 for the years ended March 31, 2016 and 2015, respectively.

NOTE J - UNITED WAY FOUNDATION

The United Way Foundation was established as a 509(a)(3) Dual Supporting Organization and was approved for tax-exempt status by the Internal Revenue Service on September 19, 1996.

By definition, the United Way Foundation has two members of record, the United Way and the Stark Community Foundation. The assets of the United Way Foundation are recorded on the books of the Stark Community Foundation (see Note O).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE J - UNITED WAY FOUNDATION (CONTINUED)

The principal investment in United Way Foundation had a fair value of \$3,909,538 and \$4,359,467 at March 31, 2016 and 2015, respectively. The United Way Foundation includes restricted and unrestricted subfunds.

Income earned by the United Way Foundation and paid to and recorded by United Way as revenue was \$261,988 and \$192,373 for the year ended March 31, 2016 and 2015, respectively.

NOTE K - COMMITMENTS

Beginning in 2014, the United Way began a program, with a local bank and the National Ways to Work, Inc. office to provide small loans to non-credit worthy, low income persons, primarily for the purpose of buying or repairing a motor vehicle for the applicant's employment (see Note O). In conjunction with the services provided through the program, the United Way acts as originator and guarantor on the loans approved. The loans are not recorded as a direct asset or liability for the United Way, but as guarantor a portion may become a liability in the event of a default by the applicant. Repossession expenses totaled \$28,833 and \$3,930 for the years ended March, 31, 2016 and 2015, respectively. Repo expenses are included as miscellaneous within the Ways to Work/Vita program services.

Total loans guaranteed amounted to \$350,043 and \$295,583 at March 31, 2016 and 2015, respectively.

NOTE L - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

The United Way had the following payments made to affiliated organizations as of March 31:

	<u>2016</u>	<u>2015</u>
United Way Worldwide	\$ 66,068	\$ 68,549
Ohio United Way	22,592	21,499
	<u>\$ 88,660</u>	<u>\$ 90,048</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE M - DONATED SERVICES

The United Way records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended March 31, 2016 and 2015 \$90,530 and \$69,182, respectively, were reflected in the accompanying financial statements, for contributed professional and advertising services, as in-kind contributions and were offset by like amounts included in expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist United Way with specific assistance programs, campaign solicitations, and various committee assignments. United Way receives thousands of volunteer hours per year. However, no amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for recording in the financial statements. United Way management estimates that the fair value of donated services received but not recognized as revenues was \$851,537 and \$997,860 for the years ended March 31, 2016 and 2015, respectively.

### NOTE N - RELATED PARTY TRANSACTIONS

The United Way leases office space from a company that is majority owned by a member of the board of directors. The location was selected after an extensive search process and in management's opinion the building represented the most favorable terms and location to carry out the United Way's mission. For the year ended March 31, 2015 leasehold improvements, funded through grants from local foundations, of \$200,000 were paid by the United Way to this company to cover a portion of the build out costs.

Rent expense charged to operations under this lease agreement was \$144,000 and \$90,000 for the years ended March 31, 2016 and 2015, respectively.

### NOTE O - SUBSEQUENT EVENTS

On May 26, 2016 the board of directors of The United Way voted to dissolve the United Way Foundation and replace it with agency endowment funds. The agency endowment funds will be held, invested and managed by the Stark Community Foundation as a permanent endowment fund for the benefit of the United Way in

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE O - SUBSEQUENT EVENTS (CONTINUED)

accordance with terms of the agreements. The fair market value of the investments will be shown as an asset on the United Way's financial statements and realized gains and losses will be included in investment income. The change in the endowment fund is expected to be effective during the March 31, 2017 fiscal year.

Effective April 1, 2016 the lease on facilities used for 211 emergency services was modified to a month to month term. The United Way moved their call services to the United Way of Greater Cleveland and is in the process of negotiating a long-term contract.

The National Ways to Work program discontinued their loan program. National Ways to Work will continue to service existing debt but is not offering further loans. The United Way is exploring opportunities to continue a similar program through a local financial institution.

The United Way has evaluated subsequent events through July 26, 2016, the date which the financial statements were available to be issued.