

# **United Way of Butler County, Inc.**

## Financial Statements and Supplementary Information

Years Ended June 30, 2016 and 2015  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

Pursuing the profession while promoting the public good®  
[www.md-cpas.com](http://www.md-cpas.com)

# UNITED WAY OF BUTLER COUNTY, INC.

YEARS ENDED JUNE 30, 2016 AND 2015

## TABLE OF CONTENTS

### **Independent Auditor's Report**

### **Financial Statements:**

Statements of Financial Position	1
Statements of Activities:	
- Year Ended June 30, 2016	2
- Year Ended June 30, 2015	3
Statements of Functional Expenses:	
- Year Ended June 30, 2016	4
- Year Ended June 30, 2015	5
Statements of Cash Flows	6
Notes to Financial Statements	7

### **Supplementary Information:**

Schedule of Grants Paid for Organizations Participating in the United Way Network	18
--	----

## Independent Auditor's Report

Board of Directors  
United Way of Butler County, Inc.

We have audited the accompanying financial statements of the United Way of Butler County, Inc. (Organization), which comprise the statements of financial position as of June 30, 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 audits 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 Organization as of June 30, 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.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
November 17, 2016

# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 84,514	\$ 351,233
Receivables:		
Pledges, net of allowance for uncollectible accounts of \$40,000 in 2016 and \$60,000 in 2015	562,133	874,856
Sponsorship receivable	25,000	-
Other	61,692	70,342
Prepaid expenses	7,984	5,861
Property and equipment, net	<u>202,815</u>	<u>209,151</u>
<b>Total Assets</b>	<b><u>\$ 944,138</u></b>	<b><u>\$ 1,511,443</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Donor designations payable	\$ 543,419	\$ 965,276
Accounts payables and accrued liabilities	10,606	21,310
Line of credit	124,000	160,000
Mortgage payable	<u>122,297</u>	<u>133,335</u>
<b>Total Liabilities</b>	<b><u>800,322</u></b>	<b><u>1,279,921</u></b>
<b>Net Assets:</b>		
Unrestricted:		
Undesignated	<u>(59,209)</u>	<u>103,895</u>
<b>Total unrestricted</b>	<b>(59,209)</b>	<b>103,895</b>
Temporarily restricted	<u>203,025</u>	<u>127,627</u>
<b>Total Net Assets</b>	<b><u>143,816</u></b>	<b><u>231,522</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 944,138</u></b>	<b><u>\$ 1,511,443</u></b>

See accompanying notes to financial statements.

# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue:</b>			
<u>Public support:</u>			
Gross campaign receipts	\$ 998,638	\$ 95,966	\$ 1,094,604
Less donor designations	(435,541)	-	(435,541)
Less allowance for uncollectible accounts	(40,000)	-	(40,000)
Total public support	523,097	95,966	619,063
<u>Revenue:</u>			
Pledges generated by other United Ways	85,019	-	85,019
Donated material and services	24,162	-	24,162
Donations	144	36,753	36,897
Special events (net)	-	4,827	4,827
Service fees	58,849	-	58,849
Adjustment for uncollectible pledges	33,076	-	33,076
Other	51,309	20,530	71,839
Net assets released from restriction	82,678	(82,678)	-
Total revenue	335,237	(20,568)	314,669
Total public support and revenue	858,334	75,398	933,732
<b>Expenses:</b>			
<u>Program services:</u>			
Member agencies grants and donor designations	994,729	-	994,729
Less donor designations	(435,541)	-	(435,541)
Net member agencies grants	559,188	-	559,188
Other program services	109,554	-	109,554
Total program services	668,742	-	668,742
<u>Supporting services:</u>			
Management and general	224,760	-	224,760
Fundraising	127,936	-	127,936
Total supporting services	352,696	-	352,696
Total expenses	1,021,438	-	1,021,438
<b>Change in Net Assets</b>	(163,104)	75,398	(87,706)
<b>Net Assets:</b>			
<u>Beginning of year</u>			
	103,895	127,627	231,522
<u>End of year</u>	\$ (59,209)	\$ 203,025	\$ 143,816

See accompanying notes to financial statements.

# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue:</b>			
<u>Public support:</u>			
Gross campaign receipts	\$ 1,439,115	\$ -	\$ 1,439,115
Less donor designations	(587,097)	-	(587,097)
Less allowance for uncollectible accounts	(60,000)	-	(60,000)
Total public support	792,018	-	792,018
<u>Revenue:</u>			
Pledges generated by other United Ways	113,211	-	113,211
Donated material and services	8,947	-	8,947
Donations	32,848	94,341	127,189
Special events (net)	-	7,939	7,939
Service fees	78,390	-	78,390
Adjustment for uncollectible pledges	32,897	-	32,897
Other	41,724	-	41,724
Net assets released from restriction	26,356	(26,356)	-
Total revenue	334,373	75,924	410,297
Total public support and revenue	1,126,391	75,924	1,202,315
<b>Expenses:</b>			
<u>Program services:</u>			
Member agencies grants and donor designations	1,110,537	-	1,110,537
Less donor designations	(587,097)	-	(587,097)
Net member agencies grants	523,440	-	523,440
Other program services	198,703	-	198,703
Total program services	722,143	-	722,143
<u>Supporting services:</u>			
Management and general	161,525	-	161,525
Fundraising	101,140	-	101,140
United Way membership dues	11,621	-	11,621
Total supporting services	274,286	-	274,286
Total expenses	996,429	-	996,429
<b>Change in Net Assets</b>	129,962	75,924	205,886
<b>Net Assets:</b>			
<u>Beginning of year</u>			
	(26,067)	51,703	25,636
End of year	\$ 103,895	\$ 127,627	\$ 231,522

See accompanying notes to financial statements.

# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services			Total
	Community Impact	Management and General	Fundraising	
Grants distributed	\$ 559,188	\$ -	\$ -	\$ 559,188
Compensation	41,742	102,458	45,537	189,737
Employee benefits	8,772	21,531	9,569	39,872
Payroll taxes	3,809	9,351	4,156	17,316
Contract labor	-	-	629	629
Audit and accounting services	757	14,216	-	14,973
Training and conference	3,987	5,165	11,693	20,845
Transportation	1,920	529	2,973	5,422
Insurance	1,678	4,118	1,830	7,626
Printing	3,648	2,703	12,777	19,128
Supplies	5,409	955	6,677	13,041
Telecommunications	2,422	5,946	2,674	11,042
Postage and shipping	340	215	1,061	1,616
Maintenance fees	7,920	19,439	8,639	35,998
Professional dues and fees	2,388	7,066	2,605	12,059
Interest	2,515	6,173	2,744	11,432
Utilities	1,197	2,938	1,306	5,441
Miscellaneous	12,635	1,303	3,887	17,825
Contract service	2,564	6,294	2,797	11,655
Depreciation	2,494	6,121	2,720	11,335
United Way membership	3,357	8,239	3,662	15,258
	<u>\$ 668,742</u>	<u>\$ 224,760</u>	<u>\$ 127,936</u>	<u>\$ 1,021,438</u>

See accompanying notes to financial statements.



# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program Services				United Way Membership	
	Community Impact	Management and General	Fundraising		Dues	Total
Grants distributed	\$ 523,440	\$ -	\$ -	\$ -	\$ -	\$ 523,440
Compensation	90,064	81,487	42,888	-	-	214,439
Employee benefits	13,204	11,946	6,287	-	-	31,437
Payroll taxes	7,475	6,763	3,559	-	-	17,797
Contract labor	-	-	-	-	-	-
Audit and accounting services	732	19,175	-	-	-	19,907
Training and conference	15,957	3,008	4,603	-	-	23,568
Transportation	4,426	685	2,639	-	-	7,750
Insurance	3,182	2,879	1,515	-	-	7,576
Printing	6,386	804	12,187	-	-	19,377
Supplies	8,813	835	7,695	-	-	17,343
Telecommunications	3,898	3,491	1,895	-	-	9,284
Postage and shipping	626	265	2,575	-	-	3,466
Maintenance fees	9,986	9,035	4,755	-	-	23,776
Professional dues and fees	3,877	4,629	1,846	-	-	10,352
Interest	5,697	5,155	2,713	-	-	13,565
Utilities	2,252	2,037	1,072	-	-	5,361
Miscellaneous	11,814	-	-	-	-	11,814
Contract service	6,169	5,581	2,937	-	-	14,687
Depreciation	4,145	3,750	1,974	-	-	9,869
United Way membership	-	-	-	-	11,621	11,621
	<u>\$ 722,143</u>	<u>\$ 161,525</u>	<u>\$ 101,140</u>	<u>\$ 11,621</u>	<u>\$ 996,429</u>	

See accompanying notes to financial statements.

# UNITED WAY OF BUTLER COUNTY, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (87,706)	\$ 205,886
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,335	9,869
Adjustment for allowance for uncollectible accounts	(20,000)	-
Change in:		
Receivables:		
Pledges	332,723	(14,488)
Sponsorship receivable	(25,000)	-
Other	8,650	51,524
Prepaid expenses	(2,123)	1,144
Donor designations payable	(421,857)	(237)
Accounts payable and accrued liabilities	(10,704)	(5,538)
	(214,682)	248,160
Net cash provided by (used in) operating activities		
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(4,999)	-
<b>Cash Flows From Financing Activities:</b>		
Payments on line of credit	(36,000)	(40,000)
Repayments of long-term debt	(11,038)	(10,573)
Net cash provided by (used in) financing activities	(47,038)	(50,573)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(266,719)	197,587
<b>Cash and Cash Equivalents:</b>		
Beginning of year	351,233	153,646
End of year	\$ 84,514	\$ 351,233
<b>Supplemental Information:</b>		
Interest paid	\$ 11,432	\$ 13,565

See accompanying notes to financial statements.

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### 1. ORGANIZATION

#### Nature of Activities

The United Way of Butler County, Inc. (Organization) is an autonomous organization founded by local community leaders. It was incorporated under the laws of the Commonwealth of Pennsylvania on November 14, 1933 as a not-for-profit charitable organization. Known originally as The Butler Community Chest, the name of the Organization was changed to United Way of Butler County, Inc. on May 12, 1975. It is governed by a volunteer Board of Directors (Board) and has a membership with both the United Way Worldwide and the United Way of Pennsylvania.

In accordance with its articles of incorporation, the Organization is a volunteer-governed charitable organization dedicated to providing and supporting health-related human care and other community services for the benefit of the people in the County of Butler. It conducts an annual community-wide campaign; directs bi-annual citizen review of grant applicants and partners of the United Way Network (Network); distributes voluntary contributions as well as grants and donor-restricted funds to its partners and other eligible organizations; and provides other community services initiated to meet specific local needs.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized as they are earned and expenses are recorded in the period incurred.

#### Basis of Presentation

The Organization's financial statements are classified for accounting and reporting into three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, there are no permanently restricted net assets.

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### Use of Estimates in the Preparation of Financial Statements

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 certain amounts and disclosure. Accordingly, actual results could differ from these estimates.

### Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be considered cash equivalents.

### Pledges and Contributions

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

Public support that is restricted by the donor 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 statements of activities as net assets released from restriction.

Pledges receivable, which management expects to collect within one year, are stated at the amount management expects to collect from outstanding balances. Management provides for estimated probable uncollectible amounts through a charge to public support and a credit to a valuation allowance based on its analysis of historical collection rates. The provision for uncollectible accounts is applied to gross campaign pledges including donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the pledges receivable.

### Property and Equipment

Purchases of property are recorded at cost. The Organization's policy is to capitalize all expenditures for equipment in excess of \$1,000 and with a useful life of greater than one year. Depreciation is computed using the straight-line method over

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

estimated useful lives of the assets. A full year of depreciation is recorded in the year of acquisition. Depreciation expense for the years ended June 30, 2016 and 2015 was \$11,335 and \$9,869, respectively.

Repairs and maintenance which are not considered to extend the useful lives of assets are charged to expenses as incurred. Upon sale or retirement, the cost of the assets and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income or expenses for the period.

### Fund Distribution Plan

The Organization's Board establishes an annual fund distribution plan (plan) based on public support and revenue. This plan sets forth the various grants from the plan's unrestricted General Fund. The plan also sets forth the Organization's operational budget, the provision for losses, donor-designated funds, and other board-designated funds.

The Organization makes grants to tax-exempt charitable organizations that meet basic eligibility criteria described in the Organization's "*Community Investment Process Guiding Principles*" and demonstrates a capacity to provide the members of the local community with programs and services responsive to needs and issues in the County of Butler as outlined in the Community Impact Plan.

Organizations seeking funds from the Organization are required to submit a "Proposal For Funding" and to participate in the community investment process conducted by the Organization's Community Investment Committee.

The Organization's grants are for one year. The Organization records the entire liability for each grant in the fiscal year during which it will be paid out. Grants are approved by the Board of Directors and the grant recipient is notified of the grant prior to the end of the preceding fiscal year.

### Donor Designations Payable

Donor designations payable represent amounts payable to other United Ways and member and non-member agencies as stipulated by the individual donors. The amounts are recorded as a pledge receivable and a liability in the statements of financial position and are subtracted to arrive at the net public support and net expenses. Such amounts are included in gross campaign receipts and gross funds designated to agencies in the statements of activities.

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### Campaign Revenue

Annual campaigns are centralized around the fall months to raise support for grants and other distributions in the current fiscal year. The 2014 campaign for the 2014/2015 fiscal year ended on June 30, 2015. Beginning with the 2015 campaign for the 2015/2016 fiscal year, the yearly campaign is closed to pledges on March 31<sup>st</sup> and a new campaign opens on April 1<sup>st</sup>. Revenue for the 2016 campaign is recorded in temporarily restricted net assets to be used in the 2016/2017 fiscal year.

### Donated Materials and Services

Donated materials and services meeting the requirements of accounting principles generally accepted in the United States of America are reflected as contributions at their estimated values at the date of receipt. The Organization receives certain donated materials and services. Values are assigned to such materials and services based on rates commensurate with the type of material and services received. The fair values of these donations, which mainly include advertising, printing, and supplies, are included in the accompanying statements of activities as both revenues and expenses. Donated material and services revenue totaled \$24,162 and \$8,947 for the years ended June 30, 2016 and 2015, respectively.

### Functional Expenses

The Organization's expenses are allocated between functional categories based on management's estimates of time spent by personnel. In accordance with Requirement H, United Way's Membership Dues are broken out between Community Impact, Management and General, and Fundraising beginning June 30, 2016. As this was not required for the year ended June 30, 2015, the Membership Dues are presented in their own column for that year.

### Cost Deduction Requirement – United Way Worldwide

The Organization follows cost deduction requirements set by United Way Worldwide on designations. The expenses associated with processing donor-designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with United Way Worldwide Cost Deduction Requirements for Membership.

Under United Way Worldwide's requirements, an organization is entitled to recover its fundraising costs and management and general costs. Requirement M defines the calculation. The requirements state that the cost recovery ratios for both fundraising

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

and management and general must not exceed a three-year average based on the most recent Internal Revenue Service (IRS) Form 990. Based upon information included in the Organization's Form 990 filed with the IRS, the three most recent ratios for fundraising and management and general are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Average</u>
Management and general	16.41%	9.27%	11.93%	12.21%
Fundraising	10.33%	6.46%	7.23%	7.81%

### Program Services

The Organization employs the time study method for allocating indirect expenses. This method provides a reasonable, rational, and consistent method for indirect cost allocation. Program services are the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purpose or mission for which the Organization exists. Costs associated with grant distribution to partner agencies are classified as a program cost. Costs associated with the processing of donor designations are classified as management and general. Other Organization program services include: Labor Relations, Public Policy, United Way Week of Caring, Needs Assessment, and Volunteer Referral. The Organization continues to refine its focus on community impact in response to the donors' increased role in fund distribution and demand for accountability and performance. More time and resources are being expended in the assessment and development of programs and services. However, the Executive Director spends the majority of her time on management and general which has caused program service expense to decrease.

### Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and classified by the IRS as other than a private foundation. The Organization is also exempt from state income taxes. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Further, the Organization annually files a Form 990.

### Concentrations

The campaign response from two employers and their employees accounted for approximately 41% of the receipts from the 2015 Annual Campaign and approximately 65% (includes local and out-of-area) of the pledge receivable balance at June 30, 2016. The campaign response from two employers and their employees

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

accounted for approximately 45% of the receipts from the 2014 Annual Campaign and approximately 66% (includes local and out-of-area) of the pledge receivable balance at June 30, 2015.

### Pending Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2014-15, "*Presentation of Financial Statements – Going Concern*," which requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. "Substantial doubt" is described as being present when such conditions or events indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the financial statement issuance date. The requirements of the new standard will be effective for annual reporting periods ending after December 15, 2016.

The FASB issued ASU No. 2016-02, "*Leases (Topic 842)*," which is intended to increase transparency and comparability among entities that enter into leasing arrangements. This ASU requires recognition of lease assets and lease liabilities on the balance sheet for nearly all leases (other than short-term leases), as well as a retrospective recognition and measurement of existing impacted leases. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2019. The new standard is required to be applied with a modified retrospective approach to each prior reporting period with various optional practical expedients.

The FASB issued ASU No. 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, how underwater donor-restricted endowment funds are treated, will increase the information available about liquidity and the availability of resources, requires financial statements for not-for-profits to provide expenses both by nature and function, as well as an analysis of those expenses by both nature and function, along with disclosure of the methods used to allocate those costs among the various functions, and standardizes how organizations present investment returns and what expenses should be netted against those returns. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The changes in the standard are effective for annual financial statements issued for fiscal years

---



# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

beginning after December 15, 2017. Early application of the amendments in the ASU is allowed.

The Organization is in the process of determining the impact of the adoption of these standards on its financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### **3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are held in banks that carry FDIC insurance. At June 30, 2016, book balance and bank balance of all cash and cash equivalents total \$84,514 and \$136,618, respectively. At June 30, 2015, book balance and bank balance of all cash and cash equivalents total \$351,233 and \$339,128, respectively. At June 30, 2016, all funds were fully FDIC insured. Total FDIC insured funds at June 30, 2015 are \$286,108 and uninsured funds are \$53,020.

### **4. PLEDGES RECEIVABLE**

Pledges receivable, all of which are anticipated to be collected within the next year, consist of the following at June 30, 2016:

2015 Campaign	\$ 602,133
Less allowance for uncollectible pledges	<u>40,000</u>
Campaign pledges, net	<u><u>\$ 562,133</u></u>

Pledges receivable, all of which are anticipated to be collected within the next year, consist of the following at June 30, 2015:

2014 Campaign	\$ 934,856
Less allowance for uncollectible pledges	<u>60,000</u>
Campaign pledges, net	<u><u>\$ 874,856</u></u>

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2016:

Land	\$	52,951
Building		187,737
Furniture and equipment		26,165
Software		26,244
		<hr/>
		293,097
Less accumulated depreciation and amortization		90,282
		<hr/>
Net property and equipment	\$	<u>202,815</u>

Property and equipment consist of the following as of June 30, 2015:

Land	\$	52,951
Building		187,737
Furniture and equipment		27,053
Software		22,545
		<hr/>
		290,286
Less accumulated depreciation and amortization		81,135
		<hr/>
Net property and equipment	\$	<u>209,151</u>

### 6. LINE OF CREDIT

The Organization has a \$200,000 revolving line of credit with a bank which is collateralized by the pledges receivable. Interest is due monthly on the outstanding balance at the bank's prime rate plus 1.0% (4.25% at June 30, 2016). The outstanding balance under the line of credit for the years ended June 30, 2016 and 2015 was \$124,000 and \$160,000, respectively.

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### 7. LONG-TERM DEBT

The Organization purchased a building in February 2009, and financed the purchase with a \$210,000 promissory note, secured by a mortgage, payable in monthly installments of \$1,394, including interest at 5% for the first five years and then a five-year Federal Home Loan Bank rate plus 2.5% through February 2029. Required monthly payments changed to \$1,125 including interest at 4.41% on February 2, 2014. The Organization has decided to make monthly payments of \$1,400 including interest in order to pay off the loan sooner. The balance on the long-term debt was \$122,297 and \$133,335 for the years ended June 30, 2016 and 2015, respectively.

The aggregate annual amount of principal payments required on long-term debt for each of the five years subsequent to June 30, 2016 and thereafter is as follows:

2017	\$	11,647
2018		12,172
2019		12,719
2020		13,292
2021		13,890
2022-2025		<u>58,577</u>
Total	\$	<u><u>122,297</u></u>

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### 8. NET ASSETS

Temporarily restricted net assets as of June 30, 2016 are available for the following purposes:

Temporarily restricted:	
Emergency Relief Fund	\$ 26,197
Women's Leadership Fund	32,693
EITC Funds	7,234
After-School Program	25,806
Education Summit/Red Apple Event	11,203
Community Information Fairs	2,896
Business and Education Partnership	1,030
2016/2017 Operations	<u>95,966</u>
Total temporarily restricted	<u>\$ 203,025</u>

Net assets of \$82,678 were released from donor restrictions during the fiscal year ended June 30, 2016, by incurring expenses satisfying the restrictions.

Temporarily restricted net assets as of June 30, 2015 were available for the following purposes:

Temporarily restricted:	
Emergency Relief Fund	\$ 22,229
Women's Leadership Fund	35,950
Child Care Scholarships	33,766
After-School Program	21,500
Education Summit/Red Apple Event	8,553
Community Information Fairs	4,579
Campaign Tricycle Race	<u>1,050</u>
Total temporarily restricted	<u>\$ 127,627</u>

Net assets of \$26,356 were released from donor restrictions during the fiscal year ended June 30, 2015, by incurring expenses satisfying the restrictions.

---

# UNITED WAY OF BUTLER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

---

### **9. DEFINED CONTRIBUTION PLAN**

The Organization provides a simplified employee pension plan covering all eligible employees who have met the age and service requirements. All employees of the Organization were covered by the plan for the year ended June 30, 2015. The Board of Directors approved a contribution of six percent of each covered employee's annual salary. The plan was terminated effective November 30, 2015. Effective December 1, 2015, the Organization provides a 403(b) Thrift Plan covering all eligible employees who have met the age and service requirements. All employees of the Organization were covered by the plan for the year ended June 30, 2016. The Board of Directors approved a contribution of three percent of each covered employee's annual salary and up to an additional three percent matching contribution of employee contributions. The Organization's total contributions to the plans totaled \$12,305 and \$16,078 for the years ended June 30, 2016 and 2015, respectively.

### **10. LIQUIDITY**

Over the past several years, the Organization has experienced operating shortfalls. During the year ended June 30, 2016, the Organization had a decrease in net assets of \$87,706, which resulted in an unrestricted net assets deficit of \$59,209. The Organization's line of credit had \$124,000 outstanding at June 30, 2016. The Organization has donor designations payables from campaign years dating back to 2009 in the amount of \$175,950. Management is aggressively working toward addressing operating cash flow issues by pushing for campaign giving, reducing grants to agencies, and by reducing operating costs. Also, subsequent to year-end, the Organization is in negotiation to sell its property in order to use the cash flow to pay outstanding debts.

## **Supplementary Information**

# UNITED WAY OF BUTLER COUNTY, INC.

## SCHEDULE OF GRANTS PAID FOR ORGANIZATIONS PARTICIPATING IN THE UNITED WAY NETWORK

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Lifesteps of Butler County	\$ 58,500	\$ 42,500
Butler County Children's Center	93,000	75,000
American Red Cross	15,000	30,000
V.O.I.C.E.	49,000	40,000
Arc of Butler County	2,500	-
Mental Health Association	5,000	41,500
Community Care Connections	20,500	20,000
Butler County Alliance for Children	15,000	-
Butler County Family YMCA	25,000	25,000
Catholic Charities	19,000	19,000
Moraine Trails Council - Boy Scouts of America	-	25,000
Lighthouse Foundation	20,000	20,000
YWCA	7,500	-
Community Health Clinic of Butler County	14,500	12,000
Glade Run Lutheran Services	10,000	-
Grapevine	5,000	17,000
Butler County Home Ownership	5,000	15,000
Girl Scouts of Western PA	3,000	5,000
UW Allegheny County - 2-1-1	-	13,000
Butler Collaborative Families - CCR	-	5,000
Center for Community Resources	65,000	57,000
	<u>\$ 432,500</u>	<u>\$ 462,000</u>