

UNITED WAY OF MORGAN COUNTY
FINANCIAL STATEMENTS
June 30, 2016

**Byrd, Smalley
& Adams, P.C.**

Certified Public Accountants & Consultants

Independent Auditor's Report

The Board of Directors
United Way of Morgan County
Decatur, Alabama

We have audited the accompanying financial statements of the United Way of Morgan County (a nonprofit organization), which comprise the statement 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 of Morgan County as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Morgan County's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2016. In our opinion, the summarized comparative information presented herein as of June 30, 2016, and for the year ended June 30, 2015, is consistent in all material respects, with the audited financial statements from which it has been derived.

Byrd, Smalley & Adams, P.C.

Decatur, Alabama
July 3, 2017

UNITED WAY OF MORGAN COUNTY
Statement of Activities

For the years ended June 30, 2016 and 2015

	2016		2015
	Unrestricted	Temporarily Restricted	
REVENUE, GAINS, AND OTHER SUPPORT		Total	Unrestricted
Campaign revenue	\$ 1,804,738	\$	\$ 1,804,738
Less designated contributions (Note 9)	(120,353)		(128,976)
Less allowance for uncollectible pledges	(250,000)		(300,013)
Total campaign	1,434,385	1,434,385	1,378,809
Other contributions	2,365	332,803	54,913
Service fees and other revenue	6,995		2,268
Investment income	1,088		-
Gain on sale of assets	-		2,700
Special events income	-		-
Less: Expenses	(9,667)	(9,667)	28,854
Net Assets released from restrictions	-		-
Total Revenues, Gains and Other Support	1,435,166	332,803	1,767,969
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES			
Program Services			
Agency allocations	1,104,524		1,144,456
Agency relations and services	97,783		90,031
Total Program Services	1,202,307	1,202,307	1,234,487
Supporting Services			
Management and general	123,173		122,182
Fundraising and marketing	110,205		109,323
Total Supporting Services	233,378		231,505
Unallocated payments to national organization	20,037	20,037	20,877
Total Expenses	1,455,722	1,455,722	1,486,869
CHANGE IN NET ASSETS			
Net Assets, Beginning of Year	(20,556)	332,803	(19,325)
Net Assets, End of Year	1,624	1,624	20,949
	\$ (18,932)	\$ 332,803	\$ 1,624

See accompanying notes.

UNITED WAY OF MORGAN COUNTY
Statement of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 312,247	\$ (19,325)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	6,835	6,485
Non-cash installation cost of fixed asset	-	(2,000)
(Increase) decrease in pledges receivable	87,543	207,322
(Increase) decrease in prepaid allocations	(8,361)	1,468
Increase (decrease) in accounts payable and accrued expenses	(11,231)	(23,414)
Increase (decrease) in allocations payable	(39,932)	(104,607)
Increase (decrease) in designations payable	<u>(8,623)</u>	<u>(65,603)</u>
Net cash provided (used) by operating activities	338,478	326
Cash flows from investing activities:		
Purchase of fixed assets	<u>-</u>	<u>(2,285)</u>
Net cash used by investing activities	-	(2,285)
Net increase (decrease) in cash and cash equivalents	338,478	(1,959)
Cash and cash equivalents at beginning of year	<u>840,378</u>	<u>842,337</u>
Cash and cash equivalents at end of year	<u>\$ 1,178,856</u>	<u>\$ 840,378</u>

See accompanying notes.

UNITED WAY OF MORGAN COUNTY
Notes to the Financial Statements (continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Property and Equipment (continued)

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Property and equipment is depreciated using the straight-line method. Any equipment with a useful life of more than a year and more than \$500 is capitalized.

D. Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. A substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund-raising campaigns.

E. Estimates

The preparation of financial statements in conformity with 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. Campaign shrinkage and functional expense allocations are based on estimates provided by the management.

F. Income Taxes

The Organization is a not-for-profit organization that is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

G. Allocations of Expenses

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

H. Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

I. Subsequent Events

Subsequent events were evaluated through July 3, 2017, which is the date the financial statements were available to be issued.

UNITED WAY OF MORGAN COUNTY
Notes to the Financial Statements (continued)

NOTE 6 ACCRUED COMPENSATED ABSENCES (continued)

currently over 60, so if an employee resigns or is terminated, employees are only entitled to be paid out. The vacation they have accrued during the current year. At June 30, 2016 and 2015, the approximate amount that could be paid would be \$10,832 and \$23,144 respectively.

NOTE 7 LEASING ARRANGEMENTS

The Organization entered into a three year office lease agreement with a commencement date of August 1, 2013 and a termination date of July 31, 2016. Rental expense for the years ending June 30, 2016 and 2015 was \$18,326 and \$18,716, respectively. Future minimum lease payments is \$1,500 until the termination date of July 31, 2016.

NOTE 8 DEFINED CONTRIBUTION PLAN

The organization sponsors a defined contribution plan covering all employees. Contributions and costs are determined as a percent of each covered employee's salary and totals \$4,411 and \$6,217 for the years ending June 30, 2016 and 2015, respectively.

NOTE 9 ALLOCATIONS TO AGENCIES

United Way of Morgan County has notified agencies of the amount of allocation each will receive in the subsequent year. While this award has been made prior to the completion of the annual campaign, the probability of the payment not being completed is remote.

	<u>2016</u>	<u>2015</u>
Allocations to agencies	\$ 1,187,105	\$ 1,225,533
Less designations	<u>(82,581)</u>	<u>(81,077)</u>
Allocations payable to agencies	<u>\$ 1,104,524</u>	<u>\$ 1,144,456</u>

Payment of designations to United Way Partner Agencies: The United Way Partner Agency will receive the greater amount of either the total designations or the amount approved through the United Way fund distribution process.

Payment of designations to Other United Way Organizations: The amount paid to other United Way organizations will be the total amount designated less the actual percentage of uncollected pledges from the previous year's campaign. Payment of designations will be made monthly.

Payment of Designations to Non-United Way Agencies: The amount paid to Non-United