

Butler County United Way

Report on Financial Statements

For the years ended June 30, 2015 and 2014

Butler County United Way

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-19



Independent Auditor's Report

To the Board of Trustees
Butler County United Way
Hamilton, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Butler County United Way (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 Butler County United Way as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Butler County United Way as of and for the year ended June 30, 2014, were audited by other auditors whose report dated January 20, 2015, expressed an unmodified opinion on those statements.

Elliott Davis Decosimo, LLC

Cincinnati, Ohio
October 29, 2015

Butler County United Way
Statements of Financial Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 150,645	\$ 295,945
Pledges receivable, net	916,348	890,290
Investments, at fair value	503,412	530,859
Prepaid expenses	<u>1,495</u>	<u>2,482</u>
Total current assets	<u>1,571,900</u>	<u>1,719,576</u>
Property and equipment, net	<u>40,629</u>	<u>23,546</u>
Noncurrent assets		
Beneficial interest in assets held by others	86,004	84,063
Custodial cash	23,179	8,560
Board designated cash	<u>315,874</u>	<u>315,874</u>
Total noncurrent assets	<u>425,057</u>	<u>408,497</u>
Total assets	<u>\$ 2,037,586</u>	<u>\$ 2,151,619</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 13,001	\$ 12,427
Accrued compensation	645	3,640
Allocations and designations payable	1,143,516	1,105,494
Designations payable to other United Way organizations	19,424	12,088
Deferred revenue	<u>300</u>	<u>2,475</u>
Total current liabilities	<u>1,176,886</u>	<u>1,136,124</u>
Noncurrent liabilities		
Custodial cash obligations	<u>23,179</u>	<u>8,560</u>
Net assets		
Board designated	315,874	315,874
Unrestricted	<u>467,547</u>	<u>638,061</u>
Total unrestricted	783,421	953,935
Temporarily restricted	<u>54,100</u>	<u>53,000</u>
Total net assets	<u>837,521</u>	<u>1,006,935</u>
Total liabilities and net assets	<u>\$ 2,037,586</u>	<u>\$ 2,151,619</u>

See Notes to Financial Statements

Butler County United Way

Statements of Activities

For the years ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support						
Gross campaign results	\$ 823,713	\$ 4,100	\$ 827,813	\$ 964,140	\$ 3,000	\$ 967,140
Less donor designations	317,920	-	317,920	327,291	-	327,291
Less provision for uncollectible pledges receivable	<u>98,660</u>	<u>-</u>	<u>98,660</u>	<u>179,400</u>	<u>-</u>	<u>179,400</u>
Net campaign revenue	<u>407,133</u>	<u>4,100</u>	<u>411,233</u>	<u>457,449</u>	<u>3,000</u>	<u>460,449</u>
Other revenue						
Designations from other United Ways	852,213	-	852,213	855,565	-	855,565
Net realized and unrealized gain (loss) on investments	(22,974)	-	(22,974)	58,849	-	58,849
Interest and dividends	23,559	-	23,559	22,737	-	22,737
Change in fair value of beneficial interest in assets held by others	1,941	-	1,941	10,672	-	10,672
Other revenue	53,221	-	53,221	26,499	-	26,499
Special events, net	8,120	-	8,120	2,348	-	2,348
In-kind donations	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total other revenue	<u>956,080</u>	<u>-</u>	<u>956,080</u>	<u>1,016,670</u>	<u>-</u>	<u>1,016,670</u>
Net assets released from restrictions	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>185</u>	<u>(185)</u>	<u>-</u>
Total public support and other revenue	<u>1,366,213</u>	<u>1,100</u>	<u>1,367,313</u>	<u>1,474,304</u>	<u>2,815</u>	<u>1,477,119</u>
Expenses						
Program services	<u>1,166,561</u>	<u>-</u>	<u>1,166,561</u>	<u>1,071,267</u>	<u>-</u>	<u>1,071,267</u>
Supporting services						
Management and general	98,438	-	98,438	77,521	-	77,521
Resource development	260,588	-	260,588	286,411	-	286,411
United Way Worldwide dues	<u>11,140</u>	<u>-</u>	<u>11,140</u>	<u>12,914</u>	<u>-</u>	<u>12,914</u>
Total supporting services	<u>370,166</u>	<u>-</u>	<u>370,166</u>	<u>376,846</u>	<u>-</u>	<u>376,846</u>
Total expenses	<u>1,536,727</u>	<u>-</u>	<u>1,536,727</u>	<u>1,448,113</u>	<u>-</u>	<u>1,448,113</u>
Change in net assets	(170,514)	1,100	(169,414)	26,191	2,815	29,006
Net assets, beginning of year	<u>953,935</u>	<u>53,000</u>	<u>1,006,935</u>	<u>927,744</u>	<u>50,185</u>	<u>977,929</u>
Net assets, end of year	<u>\$ 783,421</u>	<u>\$ 54,100</u>	<u>\$ 837,521</u>	<u>\$ 953,935</u>	<u>\$ 53,000</u>	<u>\$ 1,006,935</u>

See Notes to Financial Statements

Butler County United Way
Statement of Functional Expenses
For the year ended June 30, 2015

	Program Services			Supporting Services				Total
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total	
Compensation	\$ -	\$ 107,028	\$ 107,028	\$ 33,257	\$ 124,620	\$ -	\$ 157,877	\$ 264,905
Employer payroll taxes	-	8,284	8,284	2,554	9,594	-	12,148	20,432
Employee benefits	-	21,429	21,429	5,257	20,931	-	26,188	47,617
Total personnel expenses	-	136,741	136,741	41,068	155,145	-	196,213	332,954
Allocations to agencies	935,757	-	935,757	-	-	-	-	935,757
Unemployment expense	-	598	598	2,380	2,456	-	4,836	5,434
Professional/consultant fees	-	15,742	15,742	13,170	14,277	-	27,447	43,189
Depreciation	-	2,951	2,951	741	3,046	-	3,787	6,738
Marketing/campaign expense	-	3,847	3,847	4,703	28,841	-	33,544	37,391
Occupancy	-	8,812	8,812	8,536	9,104	-	17,640	26,452
Conference and meeting	-	4,583	4,583	2,145	4,894	-	7,039	11,622
In-kind donations	-	17,520	17,520	4,400	18,080	-	22,480	40,000
Miscellaneous	10,665	-	10,665	602	(40)	-	562	11,227
Supplies	-	2,110	2,110	2,849	2,140	-	4,989	7,099
Telephone	-	4,847	4,847	1,410	5,598	-	7,008	11,855
Equipment maintenance and rental	-	11,459	11,459	7,753	11,946	-	19,699	31,158
Travel	-	1,087	1,087	1,178	1,973	-	3,151	4,238
Awards/incentives	-	350	350	714	362	-	1,076	1,426
Postage	-	1,347	1,347	338	1,100	-	1,438	2,785
Membership dues	-	1,128	1,128	709	1,647	11,140	13,496	14,624
Bank fees	2,600	-	2,600	5,742	19	-	5,761	8,361
Special assistance to individuals	4,417	-	4,417	-	-	-	-	4,417
	<u>\$ 953,439</u>	<u>\$ 213,122</u>	<u>\$ 1,166,561</u>	<u>\$ 98,438</u>	<u>\$ 260,588</u>	<u>\$ 11,140</u>	<u>\$ 370,166</u>	<u>\$ 1,536,727</u>

See Notes to Financial Statements

Butler County United Way
Statement of Functional Expenses
For the year ended June 30, 2014

	Program Services			Supporting Services				Total
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total	
Compensation	\$ -	\$ 123,735	\$ 123,735	\$ 32,786	\$ 152,812	\$ -	\$ 185,598	\$ 309,333
Employer payroll taxes	-	19,911	19,911	5,393	24,767	-	30,160	50,071
Employee benefits	-	9,932	9,932	2,700	12,562	-	15,262	25,194
Total personnel expenses	-	153,578	153,578	40,879	190,141	-	231,020	384,598
Allocations to agencies	843,197	-	843,197	-	-	-	-	843,197
Unemployment expense	-	4,444	4,444	1,178	5,488	-	6,666	11,110
Professional/consultant fees	-	7,730	7,730	3,056	9,546	-	12,602	20,332
Depreciation	-	2,802	2,802	743	3,461	-	4,204	7,006
Marketing/campaign expense	-	8,952	8,952	2,464	15,339	-	17,803	26,755
Occupancy	-	10,334	10,334	2,948	12,762	-	15,710	26,044
Conference and meeting	-	6,371	6,371	3,634	10,901	-	14,535	20,906
In-kind donations	-	16,000	16,000	4,240	19,760	-	24,000	40,000
Miscellaneous	-	40	40	171	49	-	220	260
Supplies	-	1,357	1,357	2,271	2,260	-	4,531	5,888
Telephone	-	1,299	1,299	1,894	2,449	-	4,343	5,642
Equipment maintenance and rental	-	6,898	6,898	3,316	8,519	-	11,835	18,733
Travel	-	-	-	2,476	1,316	-	3,792	3,792
Awards/incentives	-	527	527	839	663	-	1,502	2,029
Postage	-	876	876	286	2,574	-	2,860	3,736
Membership dues	-	408	408	108	1,183	12,914	14,205	14,613
Bank fees	2,354	-	2,354	7,018	-	-	7,018	9,372
Special assistance to individuals	4,100	-	4,100	-	-	-	-	4,100
	<u>\$ 849,651</u>	<u>\$ 221,616</u>	<u>\$ 1,071,267</u>	<u>\$ 77,521</u>	<u>\$ 286,411</u>	<u>\$ 12,914</u>	<u>\$ 376,846</u>	<u>\$ 1,448,113</u>

See Notes to Financial Statements

Butler County United Way

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating activities		
Change in net assets	\$ (169,414)	\$ 29,006
Adjustments to reconcile change in net assets to net cash flows from operating activities -		
Depreciation	6,738	7,006
Net realized and unrealized loss (gain) on investments	22,974	(58,849)
Provision for uncollectible pledges and other receivables	(30,192)	47,459
Change in fair value of beneficial interest in assets held by others	(1,941)	(10,672)
Changes in operating assets and liabilities -		
Pledges receivable	4,134	55,906
Prepaid expenses	987	(1,334)
Board designated cash	-	232
Accounts payable	574	4,188
Accrued compensation	(2,995)	(7,951)
Allocations and designations payable	38,022	15,678
Designations payable to other United Way organizations	7,336	(1,522)
Deferred revenue	<u>(2,175)</u>	<u>(4,685)</u>
Net cash flows from operating activities	<u>(125,952)</u>	<u>74,462</u>
Investing activities		
Purchase of property and equipment	(23,821)	(27,074)
Purchase of investments	(103,917)	-
Proceeds from sales of investments	<u>108,390</u>	<u>4,628</u>
Net cash flows from investing activities	<u>(19,348)</u>	<u>(22,446)</u>
Net change in cash and cash equivalents	(145,300)	52,016
Cash and cash equivalents, beginning of year	<u>295,945</u>	<u>243,929</u>
Cash and cash equivalents, end of year	<u>\$ 150,645</u>	<u>\$ 295,945</u>

See Notes to Financial Statements

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 1. General Information

The Butler County United Way (the Organization) is a nonprofit organization that generates resources from the Butler County community for the purpose of helping all individuals and families achieve their potential through education, income stability and healthy lives. The Organization, whose mission is to connect resources to important community needs is a member in good standing with the United Way Worldwide and is governed by a local volunteer board of trustees.

The Organization leverages resources from multiple sources. Three distinct types of resources are leveraged. They are in the form of money, volunteer time/in-kind donations, and people's voice - advocacy. Resources are garnered primarily from local corporations, foundations, government entities, employees, community citizens, and special events. These secured resources are invested in local community needs through a network of providers. The selected network of providers delivers outcome based services that are aligned with the United Way purpose. United Way's business is to connect and mobilize resources to improve lives.

Note 2. Summary of Significant Accounting Policies

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation:

The financial statements reflect the results of all programs operated by the Organization. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based on the absence or existence and type of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. All support is considered unrestricted unless specifically restricted by the donor. Undesignated net assets are available for any purpose within the scope of the Organization's activities. Designated net assets have been segregated by the Organization for a specific activity or group of activities. The Organization may alter such designations as desired. Board designated net assets are set by the Board of Trustees. The current policy requires this amount to be two to three months of allocations.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose. The Organization's temporarily restricted net assets are restricted by the donors as to the specific purpose and/or time for which funds can be utilized.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions that they be maintained permanently by the Organization. The donors of these assets allow the Organization to use the investment gains either for unrestricted or restricted purposes.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Use of estimates:

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

Cash and cash equivalents:

The Organization considers all monies in banks and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Custodial funds and board designated reserve funds are excluded from cash and cash equivalents.

As of June 30, 2015 and 2014, the Organization had \$195,197 and \$350,403 of cash and cash equivalents in excess of federal deposit insurance. The Organization also maintains cash equivalent balances in money market funds totaling \$23,313 and \$6,432 as of June 30, 2015 and 2014, respectively. Such balances are not insured.

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. Investments are comprised of equity securities, fixed income securities, bond funds and mutual funds with original maturities of greater than three months. Realized and unrealized gains and losses are included in the statements of activities. Interest and dividends are recognized when earned.

Fair value of financial instruments:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 - Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Fair value of financial instruments: Continued

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The fair value of the Organization's investments as of June 30, 2015 and 2014, was determined using Level 1 inputs for common stock, money market funds and registered investment companies and using Level 2 inputs for beneficial interest in assets held by others.

The carrying value of the cash and cash equivalents, pledges and other receivables, prepaid expenses, accounts payable other current liabilities approximates fair value due to the short-term nature of these instruments.

Beneficial interest in assets held by others:

In 1990, an anonymous donor donated \$50,000 to the Hamilton Community Foundation but designated Butler County United Way as the beneficiary. As the donor did not grant the Hamilton Community Foundation the right to redirect the funds to another beneficiary, accounting principles generally accepted in the United States of America require an asset to be recognized. The investment income is available for distribution and the initial \$50,000 contribution requires approval of the Hamilton Community Foundation Board of Trustees for payout. The balance of the assets held in beneficial interest classified as temporarily restricted net assets is \$50,000.

In addition, the Organization established funds at various community foundations, designating the Organization as beneficiary.

June 30, 2013	\$ 73,391
Change in fair value	<u>10,672</u>
June 30, 2014	84,063
Change in fair value	<u>1,941</u>
June 30, 2015	<u>\$ 86,004</u>

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Property and equipment additions in excess of \$1,000 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The general range of useful lives for depreciation is three to twenty years. The useful lives for leasehold improvements are the lesser of the life of the lease or the useful estimated life of the related asset.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Allocations and designations payable:

Allocations to supported member agencies' programs and services are approved in the spring and disbursed for the most part in the following fiscal year. Allocations made by the Organization are recognized as expense in the period the commitment is made. As of June 30, 2015 and 2014, the allocations and designations payable were \$1,143,516 and \$1,105,494, respectively.

Included in allocations and designations payable as of June 30 are contributions that were identified by donors as pass through contributions to designated agencies. These contributions totaled \$317,920 and \$327,291 for 2015 and 2014, respectively.

Designations payable to other United Way organizations:

Funds received or receivable that must be distributed to other United Way agencies are classified as an asset and a corresponding liability in the accompanying statements of financial position. Since the Organization acts as the custodial agent of these funds, no amounts are recognized in net campaign revenue in the accompanying statements of activities. As of June 30, 2015 and 2014, the Organization owed \$19,424 and \$12,088, respectively, to other United Ways.

Restricted and unrestricted revenue:

Pledges and contributions that are restricted by the donor are reported as unrestricted revenue if the restriction expires in the reporting period in which the pledge is recognized. All other donor-restricted pledges are 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 restrictions. Pledges received in the current fiscal year to support the fall campaign of the following fiscal year are subject to a time restriction and are included in temporarily restricted net assets.

Pledges received with a donor designation to a specific agency are agency transactions and are therefore deducted from the gross campaign results and are also excluded from allocations to agencies expense.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged to programs and supporting services when directly attributed to the program, management and general, resource development and for United Way Worldwide dues. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Marketing and campaign expense:

Marketing and campaign costs are expensed as incurred.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 2. Summary of Significant Accounting Policies, Continued

Tax Status:

The Organization has been granted exemption from federal income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code. Similarly, the Organization is exempt from state income taxes. Income from certain activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. The Organization's federal exempt income tax revenue is no longer subject to tax examinations before 2012.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events:

The Organization has evaluated subsequent events for potential recognition and disclosure through October 29, 2015, the date the financial statements were available to be issued.

Note 3. Programs and Activities

The Organization focuses on connecting resources to important community needs while brokering solutions to the most urgent human needs facing the community. A variety of methods are deployed to communicate with community members in order to prioritize the issues and determine the proper solutions to these problems. Whether this means grant writing, fundraising, or collaborating with community partners, the Organization uses community input to solve community issues. The Organization's primary programs and activities are as follows:

Community impact:

The Organization connects resources to community needs that are identified by the community as most critical. The resources may include fundraising, grant writing, volunteer recruitment, or developing collaborations that best address the identified issues.

In 2015 the Board of Directors voted to change the governance of the Organization from Policy Governance to an operational board. At that time the Board ended the two pillars of focus established in 2009 and 2010, which were to assist adults in earning a living wage and to support relationships that reduce risky behaviors for youth. In 2015 the Board adopted the United Way Worldwide three pillars of focus, being Health, Education and Income. The Board wanted to align with neighboring United Ways and United Way Worldwide to have a more collaborative approach to social issues in Butler County.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 3. Programs and Activities, Continued

Resource development:

This division focuses on revenue that is secured from direct donor solicitation, corporate investments, sponsorship opportunities, and fundraising events. During the 2014 campaign year, volunteers from the community led the annual campaign which generated more than \$1,600,000 in pledged gifts from individuals and corporations. An additional 100 plus volunteers supported the day to day details so as to keep overhead costs low and systems efficient. Fundraising events leveraged the volunteer efforts so that profits directly benefited the award process.

Note 4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<u>2015</u>	<u>2014</u>
US Bank Checking	\$ 46,676	\$ 66,418
US Bank Savings	398,522	533,985
First Financial Bank Checking	39,002	13,666
Fifth Third Bank Checking	4,972	5,623
Petty Cash	<u>526</u>	<u>687</u>
	489,698	620,379
Less cash restricted for unemployment custodial funds	23,179	8,560
Less board designated cash	<u>315,874</u>	<u>315,874</u>
	<u>\$ 150,645</u>	<u>\$ 295,945</u>

Note 5. Pledges Receivable, Net

Pledges receivable consist of:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 1,151,432	\$ 1,155,566
Less allowance for uncollectible receivables	<u>235,084</u>	<u>265,276</u>
	<u>\$ 916,348</u>	<u>\$ 890,290</u>

Pledges are reported as a receivable for one year or until paid. The allowance for uncollectible pledges is calculated to be approximately 6% - 7% of the total amount raised for the current year fundraising campaign, which is based on the Organization's actual past collection experience. Any unpaid pledge greater than twelve months is considered uncollectible and is written off to the allowance for uncollectible receivables.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 6. Investments

The investment balance (also known as the Legacy Fund) is comprised of short-term investments. The Legacy Fund requires approval by the Chief Executive Officer for disbursements, which are primarily used to purchase equipment and/or make building improvements. The Finance Committee makes recommendations to the Chief Executive Officer for approval.

Investments consist of:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Investments				
Common stock	\$ 189,291	\$ 228,365	\$ 197,806	\$ 241,775
Money market funds	23,313	23,313	6,432	6,432
Registered investment companies				
Small cap	19,852	20,064	12,718	20,650
Developed international	35,165	46,626	38,477	53,274
Emerging market	16,500	16,317	16,500	18,623
Diversified alternative investment	38,600	38,130	43,000	42,372
High yield fixed income	28,983	28,243	30,000	30,033
Government and corporate bond	<u>105,211</u>	<u>102,354</u>	<u>116,236</u>	<u>117,700</u>
	<u>\$ 456,915</u>	<u>\$ 503,412</u>	<u>\$ 461,169</u>	<u>\$ 530,859</u>

Investment income consists of:

	2015	2014
Realized gains and losses	\$ 4,665	\$ 9,724
Unrealized gains and losses	(23,193)	54,874
Investment advisory expenses	<u>(4,446)</u>	<u>(5,749)</u>
Net realized and unrealized gain (loss)	(22,974)	58,849
Interest and dividends	<u>23,559</u>	<u>22,737</u>
	<u>\$ 585</u>	<u>\$ 81,586</u>

Note 7. Board Designated Cash

Board designated cash has been established for the purpose of maintaining approximately two months of reserves for future allocations to supported agencies and programs and for internal expenses. Board designated funds consist of:

	2015	2014
Cash	<u>\$ 315,874</u>	<u>\$ 315,874</u>

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 8. Deferred Revenue

As of June 30, 2015 and 2014, the Organization has recorded as deferred revenue the unspent proceeds received towards events to be held by the Organization subsequent to year-end.

Note 9. Property and Equipment

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 127,204	\$ 127,204
Leasehold improvements	<u>389,356</u>	<u>365,535</u>
	516,560	492,739
Less accumulated depreciation	<u>475,931</u>	<u>469,193</u>
	<u>\$ 40,629</u>	<u>\$ 23,546</u>

Depreciation expense for the years ended June 30, 2015 and 2014, totaled \$6,738 and \$7,006, respectively.

Note 10. Custodial Cash and Liabilities

The Organization administers and acts as custodian for an unemployment fund for other nonprofit organizations. The Organization receives deposits from other nonprofit organizations, reported as custodial cash, and makes payments to the State of Ohio on their behalf. At times, individual organizations may have a negative balance due to timing of receipts and disbursements.

The custodial cash balances and related obligations for the unemployment fund are:

	<u>2015</u>	<u>2014</u>
Alcoholism Council	\$ 3,042	\$ 3,242
LifeSpan	9,838	(5,444)
Butler Behavioral Health Services	10,049	12,347
Hamilton Community Foundation	250	300
Senior Citizen's, Inc.	<u>-</u>	<u>(1,885)</u>
	<u>\$ 23,179</u>	<u>\$ 8,560</u>

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets represent restricted contributions received for future allocation periods.

The balances were:

	<u>2015</u>	<u>2014</u>
Hamilton Community Foundation Fund	\$ 50,000	\$ 50,000
Pledges received for the fall campaign	<u>4,100</u>	<u>3,000</u>
	<u>\$ 54,100</u>	<u>\$ 53,000</u>

Net assets were released from donor time restrictions by incurring expenses satisfying the time restricted purposes as follows: \$3,000 and \$185 in 2015 and 2014, respectively.

Note 12. Special Events

Special events provided revenues and expenses as follows:

	<u>2015</u>	<u>2014</u>
Gross revenues	\$ 26,340	\$ 19,417
Direct expenses	<u>(18,220)</u>	<u>(17,069)</u>
Special events, net	<u>\$ 8,120</u>	<u>\$ 2,348</u>

Note 13. Operating Lease

The Organization leases office space within its location to an unrelated party. The agreement is on a month to month basis. These funds were received under a temporary arrangement with no long-term contract. The Organization recorded rent revenue of \$3,000 and \$750 for the years ended June 30, 2015 and 2014, respectively, which is included in other income on the statements of activities.

The Organization leases office space from the Hamilton Community Foundation at one dollar per year. The lease is a year to year agreement that expired on March 31, 2015, but with an automatic renewal feature with the same pre-established conditions unless 30 days notice is given. See Note 14.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 14. In-Kind Donations

The Organization recognized the following donations as in-kind revenue and expense related to program and supporting services:

	<u>2015</u>	<u>2014</u>
Rent	\$ <u>40,000</u>	\$ <u>40,000</u>

The estimated fair value of the operating lease is expensed annually as in-kind donations on the statements of functional expenses and included in in-kind donations on the statements of activities. The current lease runs from April 1, 2014 to March 31, 2015, and automatically renews for periods of one year. The Organization leases the facility from the Hamilton Community Foundation at one dollar per year. The lease requires the Organization to pay for all costs and expenses necessary to operate and maintain the facility.

Many individuals volunteer their time and talent to perform a variety of tasks without which the United Way could not successfully conduct its programs. However, only services that meet the criteria for recognition under generally accepted accounting principles are recorded in the financial statements.

Note 15. Concentrations

The Organization operates principally in the Butler County, Ohio, geographic area. The Organization's investments are not insured and are subject to market value fluctuation. The Organization's financial instruments that are potentially exposed to concentrations of credit risk are primarily cash and pledges receivable.

The Organization's pledges receivable are primarily pledges made by businesses and their employees, and, accordingly, the collection is subject to the economic stability of the supporting businesses and on the overall economic environment of the area.

The Organization received approximately 27% of its support for 2015 and 22% of its support for 2014 from two companies on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

Note 16. Retirement Plan

The Organization maintains a 403(b) retirement plan that covers substantially all full-time employees. The Organization contributes 5% of each employee's qualifying compensation into the plan. For the years ended June 30, 2015 and 2014, the Organization contributed \$8,871 and \$15,713, respectively.

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 17. Risks and Uncertainties

The Organization self-insures for state unemployment purposes. In management's judgment, no material exposure exists related to the self-insurance and, accordingly, no provision has been made in the accompanying financial statements.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. 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 net asset balances and the amounts reported in the statements of financial position.

Note 18. Fair Value Measurements

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2015 and 2014:

	Fair value measurements at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments				
Common stock	\$ 228,365	\$ -	\$ -	\$ 228,365
Money market funds	23,313	-	-	23,313
Registered investment companies				
Small cap	20,064	-	-	20,064
Developed international	46,626	-	-	46,626
Emerging market	16,317	-	-	16,317
Diversified alternative investment	38,130	-	-	38,130
High yield fixed income	28,243	-	-	28,243
Government and corporate bond	<u>102,354</u>	<u>-</u>	<u>-</u>	<u>102,354</u>
	<u>\$ 503,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,412</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 86,004</u>	<u>\$ -</u>	<u>\$ 86,004</u>

Butler County United Way

Notes to Financial Statements

June 30, 2015 and 2014

Note 19. Fair Value Measurements, Continued

	Fair value measurements June 30, 2014			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 241,775	\$ -	\$ -	\$ 241,775
Money market funds	6,432	-	-	6,432
Registered investment companies				
Small cap	20,650	-	-	20,650
Developed international	53,274	-	-	53,274
Emerging market	18,623	-	-	18,623
Diversified alternative investment	42,372	-	-	42,372
High yield fixed income	30,033	-	-	30,033
Government and corporate bond	<u>117,700</u>	<u>-</u>	<u>-</u>	<u>117,700</u>
	<u>\$ 530,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,859</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 84,063</u>	<u>\$ -</u>	<u>\$ 84,063</u>

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stock: Valued at the closing price reposted on the active market on which the individual securities are traded.

Registered investment companies: Valued at the published net asset value of shares held at year end.

Assets held by community foundations: Values provided by community foundations based upon market value of underlying assets.