

# **Butler County United Way**

## ***Report on Financial Statements***

***For the year ended June 30, 2016***

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# Butler County United Way

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## **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, 2016, 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.

**Kentucky**  
**Indiana**  
**Ohio**

**Mountjoy Chilton Medley LLP**

P 513.579.1717 | F 513.579.1729

201 East Fifth Street | Suite 2100 | Cincinnati, OH 45202

[www.mcmcpa.com](http://www.mcmcpa.com) | 888.587.1719

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## 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, 2016, 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.

## Restatement of Opening Net Assets

As noted in Note 17 to the financial statements, unrestricted net assets as of June 30, 2015 have been restated based on corrections of balances related to accounts payable not recorded during the year ended June 30, 2015. Our opinion is not modified with respect to these matters.

A handwritten signature in black ink that reads "Mungo Chilton Madley, LLP". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
November 2, 2016

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**Butler County UnitedWay****Statement of Financial Position****As of June 30, 2016**

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**Assets****Current assets**

Cash and cash equivalents	\$	43,474
Pledges receivable, net		909,694
Investments, at fair value		430,785
Total current assets		<u>1,383,953</u>

**Property and equipment, net**33,891**Noncurrent assets**

Beneficial interest in assets held by others		82,765
Board designated cash		204,603
Total noncurrent assets		<u>287,368</u>
Total assets	\$	<u><u>1,705,212</u></u>

**Liabilities and Net Assets****Current liabilities**

Accounts payable	\$	15,992
Allocations and designations payable		878,500
Designations payable to other United Way organizations		45,836
Total current liabilities		<u>940,328</u>

**Net assets**

Board designated		204,603
Unrestricted		510,281
Total unrestricted		<u>714,884</u>
Temporarily restricted		50,000
Total net assets		<u>764,884</u>
Total liabilities and net assets	\$	<u><u>1,705,212</u></u>

**See Notes to Financial Statements**

# Butler County United Way

## Statement of Activities

For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support</b>			
Gross campaign results	\$ 823,678	\$ -	\$ 823,678
Less donor designations	253,800	-	253,800
Less provision for uncollectible pledges receivable	104,500	-	104,500
Net campaign revenue	<u>465,378</u>	<u>-</u>	<u>465,378</u>
<b>Other revenue</b>			
Designations from other United Ways	830,196	-	830,196
Net realized and unrealized gain (loss) on investments	(6,444)	-	(6,444)
Interest and dividends	14,134	-	14,134
Change in fair value of beneficial interest in assets held by others	(3,239)	-	(3,239)
Other revenue	53,942	-	53,942
Special events, net	(434)	-	(434)
In-kind donations	41,560	-	41,560
Total other revenue	<u>929,715</u>	<u>-</u>	<u>929,715</u>
Net assets released from restrictions	4,100	(4,100)	-
Total public support and other revenue	<u>1,399,193</u>	<u>(4,100)</u>	<u>1,395,093</u>
<b>Expenses</b>			
Program services	946,719	-	946,719
Supporting services			
Management and general	159,697	-	159,697
Resource development	275,009	-	275,009
United Way Worldwide dues	11,270	-	11,270
Total supporting services	<u>445,976</u>	<u>-</u>	<u>445,976</u>
Total expenses	<u>1,392,695</u>	<u>-</u>	<u>1,392,695</u>
<b>Change in net assets</b>	6,498	(4,100)	2,398
<b>Net assets, beginning of year</b>			
Restated	<u>708,386</u>	<u>54,100</u>	<u>762,486</u>
<b>Net assets, end of year</b>	<u>\$ 714,884</u>	<u>\$ 50,000</u>	<u>\$ 764,884</u>

See Notes to Financial Statements

**Butler County United Way**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2016**

	Program Services			Supporting Services				Total
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total	
Compensation	\$ -	\$ 123,649	\$ 123,649	\$ 39,062	\$ 145,544	\$ -	\$ 184,606	\$ 308,255
Employer payroll taxes	-	9,359	9,359	3,682	11,000	-	14,682	24,041
Employee benefits	-	26,944	26,944	11,025	22,472	-	33,497	60,441
Total personnel expenses	-	159,952	159,952	53,769	179,016	-	232,785	392,737
Allocations to agencies	698,503	-	698,503	-	-	-	-	698,503
Professional/consultant fees	-	6,236	6,236	29,196	9,459	-	38,655	44,891
Depreciation	-	2,965	2,965	1,192	2,581	-	3,773	6,738
Marketing/campaign expense	-	7,228	7,228	6,036	25,290	-	31,326	38,554
Occupancy	-	9,256	9,256	23,792	8,057	-	31,849	41,105
conference and meeting	-	5,633	5,633	2,824	1,330	-	4,154	9,787
In-kind donations	-	17,600	17,600	7,080	15,320	-	22,400	40,000
Miscellaneous	-	-	-	11,127	69	-	11,196	11,196
Supplies	-	2,506	2,506	3,595	2,095	-	5,690	8,196
Telephone	-	7,376	7,376	3,754	6,652	-	10,406	17,782
Equipment maintenance and rental	-	17,757	17,757	8,985	18,078	-	27,063	44,820
Travel	-	1,340	1,340	893	2,832	-	3,725	5,065
Awards/incentives	-	736	736	1,090	348	-	1,438	2,174
Postage	-	2,114	2,114	891	1,840	-	2,731	4,845
Membership dues	-	1,466	1,466	350	967	11,270	12,587	14,053
Bank fees	1,634	-	1,634	5,123	1,075	-	6,198	7,832
Special assistance to individuals	4,417	-	4,417	-	-	-	-	4,417
	<u>\$ 704,554</u>	<u>\$ 242,165</u>	<u>\$ 946,719</u>	<u>\$ 159,697</u>	<u>\$ 275,009</u>	<u>\$ 11,270</u>	<u>\$ 445,976</u>	<u>\$ 1,392,695</u>

**See Notes to Financial Statements**

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**Butler County United Way****Statement of Cash Flows****For the year ended June 30, 2016**

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**Operating activities**

Change in net assets	\$	2,398
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation		6,738
Net realized and unrealized loss (gain) on investments		6,444
Provision for uncollectible pledges and other receivables		104,500
Change in fair value of beneficial interest in assets held by others		3,239
Changes in operating assets and liabilities:		
Pledges receivable		(97,846)
Prepaid expenses		1,495
Board designated cash		111,271
Accounts payable		(72,044)
Accrued compensation		(645)
Allocations and designations payable		(265,016)
Designations payable to other United Way organizations		26,412
Deferred revenue		(300)
Net cash flows from operating activities		<u>(173,354)</u>

**Investing activities**

Proceeds from sales of investments		<u>66,183</u>
Net cash flows from investing activities		<u>66,183</u>
Net change in cash and cash equivalents		(107,171)

**Cash and cash equivalents, beginning of year**150,645**Cash and cash equivalents, end of year**\$ 43,474**See Notes to Financial Statements**



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## **Butler County United Way**

### ***Notes to Financial Statements***

***June 30, 2016***

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#### **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. There were no permanently restricted assets at June 30, 2016.

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## **Butler County United Way**

### ***Notes to Financial Statements***

***June 30, 2016***

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#### **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 highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains at various financial institutions cash accounts which may exceed federally insured amounts at times and which may at times significantly exceed balance sheet amounts due to outstanding checks.

##### *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, 2016

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#### 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, 2016 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, 2015	\$ 86,004
Change in fair value	<u>(3,239)</u>
June 30, 2016	<u>\$ 82,765</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.

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## Butler County United Way

### Notes to Financial Statements

June 30, 2016

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#### 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, 2016 the allocations and designations payable were \$878,500.

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 \$253,800 for 2016.

##### 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, 2016, the Organization owed \$45,836 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.

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## **Butler County United Way**

### ***Notes to Financial Statements***

***June 30, 2016***

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#### **Note 2. Summary of Significant Accounting Policies, Continued**

##### *Tax status:*

The Organization is exempt from federal, state and local income taxes under the provisions of the Internal Revenue Code (IRC). The Organization is not considered a private foundation within the meaning of the IRC. The Organization recognizes uncertain income tax positions using the “more-likely-than-not” approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

##### *Subsequent events:*

The Organization has evaluated subsequent events for potential recognition and disclosure through the date of the independent auditor’s report, 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 Trustees 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.

##### *Resource development:*

This division focuses on revenue that is secured from direct donor solicitation, corporate investments, sponsorship opportunities, and fundraising events. During the 2015 campaign year, volunteers from the community led the annual campaign which generated more than \$1,300,000 in pledged gifts from individuals and corporations. An additional 400 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.

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**Butler County United Way****Notes to Financial Statements****June 30, 2016**

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**Note 4. Cash and Cash Equivalents**

Cash and cash equivalents consist of:

US Bank Checking	\$	15,497
First Financial Bank Checking		23,169
First Financial Bank Savings		204,603
Fifth Third Bank Checking		4,608
Petty Cash		<u>200</u>
		248,077
Less board designated cash		<u>204,603</u>
	\$	<u>43,474</u>

**Note 5. Pledges Receivable, Net**

Pledges receivable consist of:

Pledges receivable	\$	1,133,395
Less allowance for uncollectible receivables		<u>223,701</u>
	\$	<u>909,694</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.

**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.

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**Butler County United Way****Notes to Financial Statements****June 30, 2016**

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**Note 6. Investments, Continued**

Investments consist of:

	<u>Cost</u>	<u>Fair Value</u>
Investments		
Common stock	\$ 153,085	\$ 194,637
Money market funds	22,044	22,044
Registered investment companies		
Small cap	20,850	19,148
Developed international	30,447	33,922
Emerging market	14,256	12,571
Diversified alternative investment	41,669	39,764
High yield fixed income	23,188	21,726
Government and corporate bond	89,884	86,973
	<u>\$ 395,423</u>	<u>\$ 430,785</u>

Investment income consists of:

Realized gains and losses	\$ 8,525
Unrealized gains and losses	(11,135)
Investment advisory expenses	<u>(3,834)</u>
Net realized and unrealized gain (loss)	(6,444)
Interest and dividends	<u>14,134</u>
	<u>\$ 7,690</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:

Cash	<u>\$ 204,603</u>
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**Butler County United Way****Notes to Financial Statements****June 30, 2016**

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**Note 8. Property and Equipment**

Property and equipment consist of the following:

Equipment	\$ 127,204
Leasehold improvements	<u>389,356</u>
	516,560
Less accumulated depreciation	<u>482,669</u>
	<u>\$ 33,891</u>

Depreciation expense for the year ended June 30, 2016 totaled \$6,738.

**Note 9. Temporarily Restricted Net Assets**

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

The balances were:

Hamilton Community Foundation Fund	\$ <u>50,000</u>
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Net assets of \$4,100 were released from donor time restrictions by incurring expenses satisfying the time restricted purpose.

**Note 10. Special Events**

Special events provided revenues and expenses as follows:

Gross revenues	\$ 48,407
Direct expenses	<u>(48,841)</u>
Special events, net	<u>\$ (434)</u>



## Butler County United Way

### Notes to Financial Statements

June 30, 2016

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#### Note 11. 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 for the year ended June 30, 2016, which is included in other income on the statement 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, 2016, but with an automatic renewal feature with the same pre-established conditions unless 30 days notice is given.

#### Note 12. In-Kind Donations

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

Rent	\$	40,000
Information technology support		<u>1,560</u>
	\$	<u>41,560</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, 2016 to March 31, 2017, 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 13. 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 the year ended June 30, 2016 from two companies on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

## Butler County United Way

### Notes to Financial Statements

June 30, 2016

#### Note 14. 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 year ended June 30, 2016 the Organization contributed \$12,186.

#### Note 15. 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 16. 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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 194,637	\$ -	\$ -	\$ 194,637
Money market funds	22,044	-	-	22,044
Registered investment companies				
Small cap	19,148	-	-	19,148
Developed international	33,922	-	-	33,922
Emerging market	12,571	-	-	12,571
Diversified alternative investment	39,764	-	-	39,764
High yield fixed income	21,726	-	-	21,726
Government and corporate bond	86,973	-	-	86,973
	<u>\$ 430,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,785</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 82,765</u>	<u>\$ -</u>	<u>\$ 82,765</u>

## Butler County United Way

### Notes to Financial Statements

June 30, 2016

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#### Note 16. Fair Value Measurements, Continued

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

Common stock: Valued at the closing price reported 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.

#### Note 17. Net Asset Restatement

Opening balances as of June 30, 2015 have been restated as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of June 30, 2015 (as previously reported)	\$ 783,421	\$ 54,100	\$ 837,521
Restatement – accounts payable	<u>(75,035)</u>	<u>-</u>	<u>(75,035)</u>
Net assets as of June 30, 2015 as restated	<u>\$ 708,386</u>	<u>\$ 54,100</u>	<u>\$ 762,486</u>

Management identified as part of a review of net assets, accounts payable due to the Cincinnati United Way at June 30, 2015 that had not been recorded. The financial records were adjusted resulting in a decrease to opening net assets of \$75,035.