



Darrell L. Keller, CPA, PA

UNITED WAY OF LINCOLN COUNTY, INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

(704) 739-0771

UNITED WAY OF LINCOLN COUNTY, INC.
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YEAR ENDED MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Lincoln County, Inc.

We have audited the accompanying financial statements of United Way of Lincoln County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 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.

Opinion

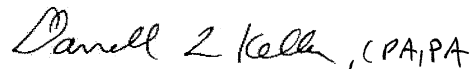
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lincoln County, Inc. as of March 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Lincoln County, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations distributed to agencies on page 14 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.

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

June 16, 2016

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Unrestricted	Temporarily Restricted	Total 2016	Prior 2015
ASSETS				
Cash and cash equivalents	\$ 161,804	\$ 2,743	\$ 164,547	\$ 125,323
Unconditional Promises To Give-			-	
Net of Allowance for Uncollectible Promises	-	233,845	233,845	235,530
Refunds receivable	851	-	851	616
Prepaid expenses	917	-	917	2,117
Fixed Assets-net of depreciation	2,714	-	2,714	2,267
	\$ 166,286	\$ 236,588	\$ 402,874	\$ 365,853
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 276	\$ 12,223	\$ 12,499	\$ 9,106
Payroll taxes withheld	1,729	-	1,729	1,441
Unearned Revenue-Special Event	656	-	656	-
Total liabilities	2,661	12,223	14,884	10,547
Net assets:				
Unrestricted				
Board Designated	58,698	-	58,698	54,841
Undesignated	104,927	-	104,927	71,924
Temporarily restricted	-	224,365	224,365	228,541
Total net assets	163,625	224,365	387,990	355,306
Total liabilities and net assets	\$ 166,286	\$ 236,588	\$ 402,874	\$ 365,853

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015 WITH PRIOR YEAR COMPARATIVE TOTALS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Prior 2015</u>
Public support and revenue:				
Public support:				
Campaign contributions	\$ -	\$ 384,900	\$ 384,900	\$ 378,162
Less provision for uncollectible pledges	-	(18,584)	(18,584)	(12,092)
Less designations	-	(18,132)	(18,132)	(19,243)
Net campaign contributions	-	348,184	348,184	346,827
Contributions	3,617	-	3,617	2,813
Gifts in-kind	5,400	-	5,400	7,120
Reimbursements	13	-	13	61
211 Grant	1,000	-	1,000	-
Interest income	268	-	268	274
Net assets released from restriction (Note 5)	352,360	(352,360)	-	-
Total public support	<u>362,658</u>	<u>(4,176)</u>	<u>358,482</u>	<u>357,095</u>
 Expenses:				
Allocations to agencies	234,400	-	234,400	225,000
Allocation and agency relations	23,347	-	23,347	21,187
Management and general	23,843	-	23,843	27,366
Fundraising	44,208	-	44,208	42,817
Total expenses	<u>325,798</u>	<u>-</u>	<u>325,798</u>	<u>316,370</u>
 Change in net assets	36,860	(4,176)	32,684	40,725
 Net assets:				
Beginning	126,765	228,541	355,306	314,581
Transfer			-	-
Ending	<u>\$ 163,625</u>	<u>\$ 224,365</u>	<u>\$ 387,990</u>	<u>\$ 355,306</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Allocation and Agency Relations	Management and General	Fund Raising	Funds Awarded to Other Agencies	Total 2016	Prior 2015
Salaries and benefits	\$ 12,906	\$ 15,487	\$ 23,229	\$ -	51,622	47,790
Payroll taxes	957	1,148	1,722	-	3,827	3,534
Insurance	504	605	906	-	2,015	1,958
Conference, conventions, and travel	207	248	372	-	827	604
Postage	52	63	94	-	209	182
Advertising*	-	-	-	-	-	1,562
Professional services	1,000	1,200	1,800	-	4,000	4,000
Telephone	225	270	405	-	900	2,680
Supplies and printing	377	452	677	-	1,506	812
Promotional expenses	-	-	4,518	-	4,518	2,646
Equipment maintenance	523	627	941	-	2,091	3,382
Utilities	762	915	1,372	-	3,049	3,291
Luncheons	82	41	14	-	137	256
Dues and memberships	198	238	357	-	793	909
Website	495	-	-	-	495	594
Dues to state and national	846	1,016	1,523	-	3,385	2,971
211/Day of Caring/Teen Board	2,909	-	-	-	2,909	2,408
Fees from Other United Ways	-	-	2,782	-	2,782	3,549
Rent*	972	1,350	3,078	-	5,400	5,400
Funds Awarded	-	-	-	234,400	234,400	225,000
Miscellaneous	200	-	-	-	200	2,262
Bank charges	-	-	-	-	-	23
Total expenses before depreciation	<u>23,215</u>	<u>23,660</u>	<u>43,790</u>	<u>234,400</u>	<u>325,065</u>	<u>315,813</u>
Depreciation	132	183	418	-	733	557
Total expenses	<u>\$ 23,347</u>	<u>\$ 23,843</u>	<u>\$ 44,208</u>	<u>\$ 234,400</u>	<u>\$ 325,798</u>	<u>\$ 316,370</u>

* Includes Gift in Kind, see note 7

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

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	2016	2015
Change in Net Assets	\$ 32,684	\$ 40,725
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	733	558
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Promises To Give	1,685	(5,630)
Receivables	(235)	(396)
Prepaid expenses	1,200	(1,200)
Increase (Decrease) in Accounts Payable and Accrued Expenses	4,336	3,394
Net Cash Provided By Operating Activities	40,403	37,451
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loan proceeds	-	-
Repayment of loans	-	-
Purchase of fixed assets	(1,179)	(576)
Net Cash Used By Investing Activities	(1,179)	(576)
Net Increase (Decrease) in Cash and Cash Equivalents	39,224	36,875
Beginning Cash and Cash Equivalents	125,323	88,448
Ending Cash and Cash Equivalents	\$ 164,547	\$ 125,323
Interest paid for the year	\$ -	\$ -

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

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Organizational History

United Way of Lincoln County, Inc. (United Way) is a non-profit organization incorporated on November 4, 1960 and is governed by a volunteer Board of Directors. Its mission is to connect people, resources and ideas to create a thriving community characterized by stability, educational success, and healthy members of the community.

The United Way is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the exempt purpose of the United Way is subject to tax. There was no unrelated business income in the year ended March 31, 2016. The United Way has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the United Way are tax-deductible within the limitations prescribed by law. The United Way is also classified as a non-profit health and welfare service agency. Revenue is derived primarily through campaign contributions.

Basis of Accounting

The United Way prepares its financial statements on the accrual basis of accounting.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

The United Way uses the allowance method to determine uncollectible pledges receivable. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible.

Contributions

Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unrestricted Net Assets

Contributions received from third parties that are not restricted as to use or for which the donor-imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying financial statements.

Temporarily Restricted Net Assets

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, are reported as temporarily restricted net assets in the accompanying financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions. Contributions received with temporary restrictions which are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions in the accompanying statement of activities.

During the year ended March 31, 2016 and 2015, the United Way released \$362,686 and 363,320, respectively, from temporarily restricted net assets to unrestricted net assets. This amount represented payments received on pledges receivable.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

Property and Equipment

The United Way capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

Contributed Services

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The United Way had 650 volunteer hours in fiscal year ending March 31, 2016 and 630 volunteer hours in fiscal year ending March 31, 2015.

Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as Allocation and Agency Relations, Management and General, or Fundraising in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Salaries and related expenses are allocated based on the estimated time the employee spends on each function.

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The United Way's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

Advertising

The United Way expenses advertising costs as incurred.

Note 2. PLEDGES RECEIVABLE

Pledges Receivable as of March 31, 2016 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2014/2015 Campaign	\$ 18,518	\$ -	\$ -	\$ 18,518	\$ 18,518	\$ -
2015/2016 Campaign	<u>260,403</u>	<u>-</u>	<u>-</u>	<u>260,403</u>	<u>26,558</u>	<u>233,845</u>
Subtotal	<u>\$ 278,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,921</u>	<u>\$ 45,076</u>	<u>\$ 233,845</u>

Allowance for uncollectible pledges was \$45,076 resulting in a net receivable of \$233,845. Because pledges are short term pledges there is no discount for present value.

Pledges Receivable as of March 31, 2015 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2013/2014 Campaign	\$ 20,317	\$ -	\$ -	\$ 20,317	\$ 12,564	\$ 7,753
2014/2015 Campaign	<u>253,642</u>	<u>-</u>	<u>-</u>	<u>253,642</u>	<u>25,866</u>	<u>227,776</u>
Subtotal	<u>\$ 273,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,960</u>	<u>\$ 38,430</u>	<u>\$ 235,530</u>

Allowance for uncollectible pledges was \$38,430 resulting in a net receivable of \$235,530. Because pledges are short term pledges there is no discount for present value.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2015/2016</u>	<u>2014/2015</u>
Campaign Contributions per Statement of Activities	\$ 384,900	\$ 378,162
Amount received for previous campaigns	-	-
Total Campaign Income	<u>384,900</u>	<u>378,162</u>
	<u>2015/2016</u>	<u>2014/2015</u>
Total Campaign	384,900	378,162
Average Uncollectible past 5 years	6.9000%	6.8400%
Allowance for Uncollectibles	26,558	25,866
Allowance-Prior Year Campaign	18,518	12,564
Total Uncollectible-All years	<u>45,076</u>	<u>38,430</u>

Management used the actual average uncollectible amount for the past 5 years to determine the estimated allowance on the 2015/2016 campaign. Management reviewed all outstanding accounts for the 2014/2015 campaign and adjusted the allowance to expected uncollectible amount. It is management’s policy that the uncollectible amounts be written off in the August after the campaign year (e.g. 2014/2015 actual uncollectible will be written off in August 2016).

Note 3. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>3/31/2016</u>	<u>3/31/2015</u>
Property and Equipment	\$ 13,619	\$ 12,440
Less Accumulated Depreciation	(10,905)	(10,173)
Net Property and Equipment	<u>\$ 2,714</u>	<u>\$ 2,267</u>

Note 4. **LEASES**

The United Way leases its building from Lincoln County for \$1 per lease period. The lease was renewed in the fiscal year March 31, 2013 for a 3 year period with an option to renew for an additional 5 year period. In fiscal year March 31, 2016 the lease was renewed for the additional 5 year period. The lease is now through October 2020. See Note 7 for information on lease expense.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

Note 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>3/31/2016</u>	<u>3/31/2015</u>
Net Promises to give	\$ 233,845	\$ 235,530
Day of Caring	955	1,189
Teen Center	1,158	(94)
Specific Event	80	80
Christmas Fund	177	110
DIS Assistance	373	-
Accounts Payable restricted to other agencies	<u>(12,223)</u>	<u>(8,274)</u>
Total temporarily restricted net assets	<u>\$ 224,365</u>	<u>\$ 228,541</u>

Net promises to give are considered temporarily restricted until collected.

Amounts contributed to the Day of Caring, Teen Center, Specific Event, and Christmas Fund are restricted for use for these activities. The amounts above represent the contributions/cash that has yet to be expended.

Note 6. ACCOUNTS PAYABLE, INCLUDING DESIGNATIONS TO OTHER AGENCIES

	<u>3/31/2016</u>	<u>3/31/2015</u>
Accounts Payable-Expenses	\$ 276	\$ 832
Payroll Liabilities	1,729	1,443
Unearned Revenue - BBQ	656	-
Accounts Payable-Agencies	<u>12,223</u>	<u>8,274</u>
Total Accounts Payable	<u>\$ 14,884</u>	<u>\$ 10,549</u>

UNITED WAY OF LINCOLN COUNTY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

Note 7. GIFTS IN KIND

The United Way received several gifts in kind in the current year as follows:

	3/31/16	3/31/15
Lease	\$ 5,400	\$ 5,400
Advertising	\$ -0-	\$ 1,520
Services	\$ -0-	\$ 200
	\$ 5,400	\$ 7,120

These gifts were recorded as income and expense. The lease is for the fair market rental value of the office space leased from Lincoln County as described in Note 4. The advertising was for advertisements in a local paper. The services were for the installation of a new security system.

Note 8. SUBSEQUENT EVENTS

The United Way has evaluated its financial statements for subsequent events through June 16, 2016, the date the financial statements were available to be issued. The United Way is not aware of any such events which would require recognition or disclosure in the financial statements.

UNITED WAY OF LINCOLN COUNTY, INC.
SCHEDULE OF ALLOCATIONS DISTRIBUTED TO AGENCIES
FOR THE YEAR ENDED MARCH 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	<u>2016</u>	<u>2015</u>
A Place To Grow	\$ 8,000	\$ 6,000
American Red Cross	27,000	26,950
Boy Scouts	10,000	10,000
Communities In Schools	22,000	21,000
Family Services	-	4,000
Rape Crisis Center	7,500	4,000
Helping Hands Clinic	20,000	20,000
Hospice	16,000	15,000
LC Coalition Against Child Abuse	35,000	37,000
LC Coalition Against Domestic Violence	25,000	25,000
Lincoln County Family YMCA	24,400	24,000
Sally's YMCA	11,600	10,000
Salem Industries	12,900	7,050
Special Olympics	15,000	15,000
 Total allocation to agencies	 <u>\$ 234,400</u>	 <u>\$ 225,000</u>

The Accompanying Notes are an Integral Part of these Financial Statements.