

**United Way of Escambia County, Inc.
(A Nonprofit Organization)**

Financial Statements

June 30, 2016

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(A Nonprofit Organization)**

Financial Statements

June 30, 2016

Index

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

Independent Auditor's Report

To The Board of Directors
United Way of Escambia County, Inc.
Pensacola, Florida

We have audited the accompanying financial statements of United Way of Escambia County, Inc., (a nonprofit 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.

*To The Board of Directors
United Way of Escambia County, Inc.
Pensacola, Florida*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Escambia County, Inc., (a nonprofit organization), as of June 30, 2016, and the changes in its net assets and 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 Escambia County, Inc., (a nonprofit organization) 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dwight E. H. & Company, P.A.
Pensacola, Florida
October 25, 2016

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Statement of Financial Position
June 30, 2016
(with comparative totals for 2015)

	2016	2015
Assets:		
Cash and equivalents	\$ 448,793	\$ 259,369
Pledges receivable—net	751,436	902,661
Accounts receivable	186,934	241,554
Prepaid expenses and other	38,111	42,392
Investments	1,268,356	1,285,614
Property and equipment—net	665,769	743,171
Total Assets	\$ 3,359,399	\$ 3,474,761
 Liabilities:		
Due to designated agencies	\$ 119,960	\$ 147,503
Allocations payable	900,000	852,875
Custodial funds payable	46,679	154,393
Accounts payable	54,582	28,357
Accrued expenses	77,347	67,276
Capital lease obligation	19,707	23,863
Total Liabilities	1,218,275	1,274,267
 Net Assets:		
Unrestricted	1,400,740	1,604,451
Temporarily restricted	473,458	329,117
Permanently restricted	266,926	266,926
Total Net Assets	2,141,124	2,200,494
Total Liabilities and Net Assets	\$ 3,359,399	\$ 3,474,761

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

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Statement of Activities
For the Year Ended June 30, 2016
(with comparative totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Public Support and Revenues:					
Gross campaign results	\$ 1,980,162	\$ 69,864	\$ -	\$ 2,050,026	\$ 2,152,270
Less donor designations	(396,371)	-	-	(396,371)	(394,778)
Less provision for uncollectibles	(133,982)	-	-	(133,982)	(141,061)
Net campaign results	1,449,809	69,864	-	1,519,673	1,616,431
In-kind contributions	551,882	-	-	551,882	158,281
Contributions from outside service area	6,476	-	-	6,476	3,975
Investment return	(18,171)	-	-	(18,171)	43,048
Grants, contracts and program revenues	935,910	385,730	-	1,321,640	805,580
Other income	61,217	4,000	-	65,217	58,496
	2,987,123	459,594	-	3,446,717	2,685,811
Net assets released from restrictions					
Satisfaction of time and purpose	315,253	(315,253)	-	-	-
Total Public Support and Revenues	3,302,376	144,341	-	3,446,717	2,685,811
Expenses:					
Program services					
Gross funds awarded/distributed	1,931,291	-	-	1,931,291	1,492,694
Less donor designations	(396,371)	-	-	(396,371)	(394,778)
Net funds awarded/distributed	1,534,920	-	-	1,534,920	1,097,916
Allocation expenses	205,505	-	-	205,505	65,926
Information and referral	341,250	-	-	341,250	337,967
Impact initiatives	702,442	-	-	702,442	444,178
Total program services	2,784,117	-	-	2,784,117	1,945,987
Supporting services					
Fundraising	304,389	-	-	304,389	225,282
Organizational administration	417,581	-	-	417,581	437,965
Total supporting services	721,970	-	-	721,970	663,247
Total Expenses	3,506,087	-	-	3,506,087	2,609,234
Change in Net Assets	(203,711)	144,341	-	(59,370)	76,577
Net Assets—Beginning of Year	1,604,451	329,117	266,926	2,200,494	2,123,917
Net Assets—End of Year	<u>\$ 1,400,740</u>	<u>\$ 473,458</u>	<u>\$ 266,926</u>	<u>\$ 2,141,124</u>	<u>\$ 2,200,494</u>

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

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Statement of Functional Expenses
For the Year Ended June 30, 2016
(with comparative totals for 2015)

	Program Services				Supporting Services			2016	2015	
	Gross Funds Awarded/Distributed	Allocation Services	Information and Referral	Impact Initiatives	Total Program Services	Fundraising	Organizational Administration	Total Supporting Services	Total Expenses	Total Expenses
Expenses										
Gross funds awarded/distributed	\$ 1,931,291	\$ -	\$ -	\$ -	\$ 1,931,291	\$ -	\$ -	\$ -	\$ 1,931,291	\$ 1,492,694
Less donor designations	(396,371)	-	-	-	(396,371)	-	-	-	(396,371)	(394,778)
Net Funds awarded/distributed	1,534,920	-	-	-	1,534,920	-	-	-	1,534,920	1,097,916
Salaries	-	51,390	166,757	257,032	475,179	133,597	244,850	378,447	853,626	793,911
Benefits and payroll costs	-	7,903	38,327	55,115	101,345	29,754	44,249	74,003	175,348	149,955
Professional services	-	13,399	21,341	61,854	96,594	4,982	28,104	33,086	129,680	50,155
Dues and subscriptions	-	1,393	9,013	10,194	20,600	4,419	8,552	12,971	33,571	31,651
Insurance	-	1,199	7,328	9,474	18,001	3,569	7,064	10,633	28,634	27,174
Interest	-	50	306	347	703	149	868	1,017	1,720	5,176
Printing and promotion	-	118,490	4,177	224,962	347,629	91,589	29,933	121,522	469,151	200,714
Occupancy	-	1,766	10,793	12,587	25,146	5,283	8,716	13,999	39,145	38,534
Postage	-	277	391	2,318	2,986	1,451	4,582	6,033	9,019	6,625
Supplies	-	165	849	3,934	4,948	1,692	2,617	4,309	9,257	9,138
Telephone	-	612	25,499	4,351	30,462	2,253	4,810	7,063	37,525	40,917
Staff Development	-	-	2,290	1,969	4,259	75	150	225	4,484	3,921
Travel	-	205	22,037	7,422	29,664	1,495	2,822	4,317	33,981	28,111
Miscellaneous	-	5,292	1,666	20,911	27,869	14,141	14,560	28,701	56,570	41,639
Volunteer support	-	214	429	7,755	8,398	375	498	873	9,271	11,000
Depreciation	-	3,088	29,669	21,745	54,502	9,029	14,460	23,489	77,991	70,344
Licenses and fees	-	62	378	472	912	536	746	1,282	2,194	2,353
Total Expenses	<u>\$ 1,534,920</u>	<u>\$ 205,505</u>	<u>\$ 341,250</u>	<u>\$ 702,442</u>	<u>\$ 2,784,117</u>	<u>\$ 304,389</u>	<u>\$ 417,581</u>	<u>\$ 721,970</u>	<u>\$ 3,506,087</u>	<u>\$ 2,609,234</u>

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

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Statement of Cash Flows
For the Year Ended June 30, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ (59,370)	\$ 76,577
Adjustments to reconcile change in net assets to net cash provided by operating activities—		
Depreciation	77,991	70,344
Gains on disposal of property and equipment	-	(755)
Gains on sale of securities	(26,667)	(59,660)
Unrealized loss on investments	49,499	21,955
Donated securities	(7,030)	(7,159)
Changes in assets and liabilities		
Decrease (increase) in:		
Pledges receivable—net	151,225	(8,103)
Accounts receivable	54,620	(29,710)
Prepaid expenses	4,281	9,165
Increase (decrease) in:		
Due to designated agencies	(27,543)	3,949
Allocations payable	47,125	30,875
Custodial funds payable	(107,714)	37,727
Accounts payable	26,225	21,130
Accrued expenses	10,071	114
Net Cash Provided by Operating Activities	192,713	166,449
Cash Flows from Investing Activities:		
Purchases of investments	(26,808)	(371,214)
Proceeds from sale of investments	28,264	108,604
Purchases of property and equipment	(589)	(144,542)
Net Cash Provided (Used) by Investing Activities	867	(407,152)
Cash Flows from Financing Activities:		
Proceeds from capital lease	-	24,201
Principal payments on mortgage note payable	-	(121,535)
Payments on capital lease	(4,156)	(2,516)
Net Cash Used by Financing Activities	(4,156)	(99,850)
Increase (Decrease) in Cash	189,424	(340,553)
Cash and Equivalents—Beginning of Year	259,369	599,922
Cash and Equivalents—End of Year	\$ 448,793	\$ 259,369

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

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 1—Summary of Significant Accounting Policies

Organization and Program Activities

United Way of Escambia County, Inc., (United Way) began as Greater Pensacola United Fund, Inc., in 1944. A local volunteer Board of Directors governs United Way. United Way's mission is to provide leadership that improves lives and creates lasting community change by mobilizing the caring people of our communities to give, advocate and volunteer.

United Way works with community partners, including a network of partner agencies, businesses, schools, governments and other funding sources to raise funds through an annual campaign to raise support for participating agencies.

Financial Statement Presentation

United Way reports information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets are classified based on externally imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

Cash and Equivalents

For purposes of the statements of cash flows, United Way considers investments in highly liquid debt instruments with original maturities of three months or less to be cash equivalents. United Way does not include cash held within its separate investment accounts (see note 3) as cash and equivalents.

Contributions

United Way records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions 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 are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted net assets.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 1—Summary of Significant Accounting Policies (continued)

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional promises made to the United Way during the year ended June 30, 2016. An allowance for uncollectible pledges receivable is provided based on management's estimate using prior collection history and current economic conditions.

Accounts Receivable

Accounts receivable consist primarily of grants or amounts due from providing services or goods. Management believes no allowance for doubtful accounts is necessary.

Investments

Investments are stated at fair value. Donated investments are recorded at fair value at the date of the gift.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value on date of gift. United Way capitalizes asset acquisitions over \$500. Depreciation is provided for on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	15–30 years
Furniture and fixtures	5–10 years
Equipment	5–7 years

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 1—Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recovered. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair market value of the assets. As of June 30, 2016, none of United Way's long-lived assets were considered to be impaired.

Due to Designated Agencies

Donors contributing to United Way may choose to designate that all or part of their contributions be distributed to specific agencies. These transactions are reported in the statement of activities as part of the United Way campaign results and are then deducted to arrive at the net campaign revenue. Amounts deducted are carried as liabilities, net of an estimated allowance for uncollectible amounts, until paid to the designated agencies.

Donated Services and Materials

During the year ended June 30, 2016, approximately 42,218 hours were volunteered by employees of the local companies, participating in the loaned associates and loaned executives program, the funds distribution process, and the Community Day of Caring. No value has been recognized for these volunteer hours in the financial statements, because the criteria established by the Financial Accounting Standards Board (FASB) for recognition of such volunteer efforts have not been satisfied.

Donated services including media space (television and radio airtime and newspaper print space) are recorded if the services received create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated materials and supplies are recorded at fair value at the date of donation.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 1—Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been estimated and allocated among the programs and supporting services benefited based on management's best judgment.

Estimates

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

Income Taxes

United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recognized. United Way annually files federal information returns (Form 990), which are subject to possible examination by the taxing authorities until the expiration of the related statute of limitations, which is generally three years.

Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no returns are currently under examination.

Financial Instruments

United Way's financial instruments include cash, pledges and accounts receivable, certain investments, designated/allocations payable, accounts payable, accrued expenses, and capital lease obligations. The carrying values of cash, pledges and accounts receivable, designated/allocations payable, accounts payable and accrued expenses approximate their fair values due to their short-term nature. The carrying value of capital lease obligations approximates fair value due to their bearing interest at rates that approximate current market rates for notes with similar maturities and credit quality.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 1—Summary of Significant Accounting Policies (continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Events Occurring After the Reporting Date

United Way has evaluated events and transactions that occurred between June 30, 2016, and October 25, 2016, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2—Pledges Receivable

Pledges receivable and changes in the allowance for uncollectible amounts during the year ended June 30, 2016, are summarized as follows:

Pledges receivable	<u>\$ 883,357</u>
Allowance for uncollectible pledges:	
Balance—Beginning of Year	149,705
Add provision for uncollectible pledges	109,996
Deduct write-off of net uncollectible pledges and amounts received from prior campaigns	<u>(127,780)</u>
Balance—End of Year	<u>131,921</u>
Pledges receivable—Net	<u>\$ 751,436</u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 3—Investments

Effective July 1, 2008, United Way adopted Fair Value Measurements (FASB ASC 820-10), which provides a framework for measuring fair value under generally accepted accounting principles. Fair Value Measurements establishes a fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets and has the highest priority, Level 2 consists of observable inputs other than quoted prices for identical assets, and Level 3 consists of significant unobservable inputs and has the lowest priority. United Way measures fair value using Level 1 inputs.

Fair value of assets measured on a recurring basis at June 30, 2016, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds—Equity	\$ 651,011	\$ 651,011
Mutual funds—Fixed income	238,269	238,269
	<u>\$ 889,280</u>	<u>\$ 889,280</u>

Cost, fair value and unrealized gains from acquisition until June 30, 2016, for assets held as investments are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 379,079	\$ 379,076	\$ -
Mutual funds—Equity	599,359	651,011	51,652
Mutual funds—Fixed income	236,979	238,269	1,290
	<u>\$ 1,215,414</u>	<u>\$ 1,268,356</u>	<u>\$ 52,942</u>

Investment return for the year ended June 30, 2016, is summarized as follows:

Dividends and interest	\$ 12,525
Realized gains on sales of securities	26,667
Less investment expense	<u>(7,864)</u>
	31,328
Unrealized losses on investments	<u>(49,499)</u>
Investment return	<u>\$ (18,171)</u>

Investments at June 30, 2016, were included in the following net assets accounts:

Unrestricted	\$ 1,001,430
Permanently restricted	<u>266,926</u>
	<u>\$ 1,268,356</u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 4—Property and Equipment

Property and equipment consists of the following at June 30, 2016:

Land	\$ 92,350
Buildings	262,723
Building improvements	895,954
Furniture and equipment	<u>399,649</u>
	1,650,676
Less accumulated depreciation	<u>(984,907)</u>
Property and equipment—Net	<u>\$ 665,769</u>

Depreciation expense totaled \$77,991 for the year ended June 30, 2016.

Note 5—Designations and Allocations Payable

Due to designated agencies, allocations payable and custodial funds payable at June 30, 2016, represent either designations by donors or allocations payable as determined by United Way. These amounts are all due and payable within one year.

Note 6—Capital Lease Obligation

United Way terminated their existing capital lease and entered into a new capital lease for office equipment during the year ended June 30, 2015. Obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments. The capitalized cost and accumulated depreciation of this equipment at June 30, 2016, was \$24,201 and \$5,244, respectively.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 6—Capital Lease Obligation (continued)

Future minimum lease payments under this capital lease are as follows:

Years ending June 30:	
2017	\$ 5,244
2018	5,244
2019	5,244
2020	5,244
2021	<u>874</u>
Total future payments	21,850
Less amount representing interest	<u>(2,143)</u>
Present Value of Future Payments	<u>\$ 19,707</u>

Interest paid and expensed under these leases for the year ended June 30, 2016, was \$1,088.

Note 7—In-Kind Gifts

In-kind gifts include contributions of tangible and intangible personal property and were expensed as follows:

Printing and media advertising	\$ 418,116
Cram the Van, disaster relief distributions	89,035
Miscellaneous, operating supplies and expenses	<u>44,731</u>
	<u>\$ 551,882</u>

Note 8—Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for manner of use or time as follows:

Grants, fiscal agent funds, and other initiatives	\$ 201,029
Disaster relief	157,565
Annual meeting, campaign kickoff, victory celebration and Day of Caring	45,000
Time	<u>69,864</u>
	<u>\$ 473,458</u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 8—Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified as follows:

Grants, fiscal agent funds, and other initiatives	\$ 219,431
Annual meeting, campaign kickoff, victory celebration and Day of Caring	22,000
Time	<u>73,822</u>
	<u>\$ 315,253</u>

Note 9—Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment fund assets established to support United Way. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held in perpetuity with the income therefrom available as a contribution to the campaign each year. Income includes market value changes (unrealized and realized) and interest and dividends. The income therefrom is considered as an increase in unrestricted net assets since the Organization deems the restriction as met in the same reporting period. Any market declines below the original contribution amount of \$266,926 are shown as a reduction in unrestricted net assets.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide campaign contributions for the United Way of Escambia County. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 9—Permanently Restricted Net Assets (continued)

The composition and changes in endowment net assets for the year ended June 30, 2016, are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets—Beginning of Year	\$ 266,926
Investment income	2,588
Net unrealized and realized gains (losses)	(4,740)
Investment expenses	(1,633)
Amounts appropriated to maintain balance	<u>3,785</u>
Endowment Net Assets—End of Year	<u>\$ 266,926</u>

Note 10—Employee Benefit Plan

United Way sponsors a 401K retirement plan through their employee leasing company. The plan covers substantially all of United Way’s employees who have met certain service requirements. Employees’ vesting is based on a five-year schedule. Employer contributions are 50% of employee contributions with a 3% cap on the employer match and amounted to \$7,939 during the year ended June 30, 2016.

Note 11—Related Parties

Due to designated agencies—Due to designated agencies represents the amount of contributions pledged and designated to United Way member agencies.

National affiliation—United Way is required to make payments for membership privileges to the related national organization. For the year ended June 30, 2016, payments to national were \$25,928.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2016

Note 12—Concentration of Risk

The standard FDIC coverage is \$250,000 at each financial institution. As of June 30, 2016, United Way maintained cash balances of \$196,717 in excess of FDIC coverage.

Note 13—Risks and Uncertainties

United Way 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 investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets.

Each year United Way records a provision for uncollectible pledges which is estimated based on past collection experience and current economic conditions. It is at least reasonably possible that changes in this estimate in the near term could be material to the financial statements.