

**United Way of Frederick County,  
Incorporated**

**Financial Statements, Supplementary  
Information, and  
Report of Independent  
Certified Public Accountants**

**June 30, 2016 and 2015**



Linton Shafer Warfield & Garrett, P.A.  
Certified Public Accountants & Business Consultants

## **Report of Independent Certified Public Accountants**

To the Board of Directors of  
United Way of Frederick County, Incorporated

We have audited the accompanying financial statements of United Way of Frederick County, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Frederick County, Incorporated as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of community impact partners designations payable and the schedule of community impact grants are presented for purposes of additional analysis and are 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 audits 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.

*Linton Shafer Warfield & Garrett, P.A.*

December 6, 2016  
Frederick, Maryland

**United Way of Frederick County, Incorporated**  
**Statements of Financial Position**  
**June 30,**

**Assets**

	<b>2016</b>	<b>2015 Restated</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 149,757	\$ 339,178
Restricted cash - CCC	15,040	23,193
Restricted cash - IDA	330,007	170,018
Marketable securities	687,832	681,091
Pledges receivable, net of allowance for uncollectible pledges	228,686	272,975
Allocations due from CCC	42,586	52,925
Other receivables	6,089	3,033
Prepaid expenses	7,859	11,450
<b>Total Current Assets</b>	<b>1,467,856</b>	<b>1,553,863</b>
 Property and Equipment - net	 6,277	 6,429
 <b>Other Assets</b>		
Timeshare interest	3,500	3,500
Assets held in Special Awards Trust Fund	311,735	304,272
<b>Total Other Assets</b>	<b>315,235</b>	<b>307,772</b>
 <b>Total Assets</b>	 <b>\$ 1,789,368</b>	 <b>\$ 1,868,064</b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 19,872	\$ 7,866
Allocations/designations payable:		
Agencies and other organizations	184,743	206,440
Community Impact Partners	92,167	93,932
Other United Way agencies	2,442	4,589
Due to CCC	15,040	23,193
Deferred revenue	178,854	54,545
<b>Total Current Liabilities</b>	<b>493,118</b>	<b>390,565</b>
 <b>Long-Term Liabilities</b>		
Liability for assets held in Special Awards Trust Fund	311,735	304,272
<b>Total Liabilities</b>	<b>804,853</b>	<b>694,837</b>
 <b>Net Assets</b>		
Unrestricted	906,359	1,089,530
Unrestricted - Board Designated	78,156	83,697
<b>Total Net Assets</b>	<b>984,515</b>	<b>1,173,227</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 1,789,368</b>	 <b>\$ 1,868,064</b>

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



**United Way of Frederick County, Incorporated**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30,**

	<u>6/30/2016</u>	<u>2015 Restated</u>
<b>SUPPORT AND REVENUE</b>		
Current Year Campaign Public Support		
Annual Campaign pledges and contributions	\$ 720,250	\$ 808,277
Less estimated uncollectible pledges	(88,163)	(94,632)
Donor designations to agencies and partners	(276,911)	(299,923)
Donor designations to other United Way agencies	(2,442)	(4,589)
Share of CCC allocations	36,324	40,611
In-kind contributions	83,204	77,348
Bequests	-	282,000
Net Contributions	472,262	809,092
Prior Year Campaign Public Support		
Annual Campaign pledges and contributions	77,219	8,544
Campaign designations uncollected	14,633	26,930
Grants	132,922	37,955
Total Support	697,036	882,521
<b>Revenue:</b>		
Interest and dividend income	17,065	14,739
Net administrative fees - designations and campaigns	4,227	8,315
Realized/unrealized gain on investments	1,874	10,178
Other income	29,171	36,153
Special events, net	32,106	32,682
Total Revenue	84,443	102,067
Total Support and Revenue	781,479	984,588
Net assets released from restrictions	-	-
<b>Total Support and Revenue</b>	<b>781,479</b>	<b>984,588</b>
<b>ALLOCATIONS AND EXPENSES</b>		
Community Impact activities and allocation	335,663	259,541
Unallocated payments to affiliated organization:		
Membership - United Way Worldwide	12,144	10,752
Functional Expenses:		
Program services	342,514	269,262
Fundraising	152,108	152,507
Management and general	127,762	126,485
Total Functional expenses	622,384	548,254
<b>Total Allocations and Expenses</b>	<b>970,191</b>	<b>818,547</b>
<b>Change in Unrestricted Net Assets</b>	(188,712)	166,041
Unrestricted Net Assets, beginning of year	1,173,227	1,007,186
<b>Unrestricted Net Assets, end of year</b>	<b>\$ 984,515</b>	<b>\$ 1,173,227</b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**

	Program Services	Supporting Services		Totals
		Fundraising	Management and General	
Salaries	\$ 150,881	\$ 75,745	\$ 77,570	\$ 304,196
Employee benefits	14,233	7,145	7,318	28,696
Retirement plan contribution	7,575	3,803	3,894	15,272
Payroll Taxes	13,169	6,611	6,770	26,550
Total salaries and benefits	<u>185,858</u>	<u>93,304</u>	<u>95,552</u>	<u>374,714</u>
Resource development - campaign	-	26,301	-	26,301
Total resource development - campaign	<u>-</u>	<u>26,301</u>	<u>-</u>	<u>26,301</u>
Rent	8,928	4,482	4,590	18,000
Telephone	3,493	1,754	1,796	7,043
Total facilities	<u>12,421</u>	<u>6,236</u>	<u>6,386</u>	<u>25,043</u>
Professional fees	9,568	5,854	4,919	20,341
Bank service charge & fees	4,751	2,385	2,442	9,578
Office supplies	2,903	1,456	1,496	5,855
Computer expenses	1,337	671	687	2,695
Postage	1,641	824	843	3,308
Equipment rent & maintenance	7,107	3,568	3,653	14,328
Intern stipend / Americorp	9,567	4,803	4,918	19,288
Travel, meals, meetings & training	8,366	4,200	4,301	16,867
Membership dues - other	2,049	1,029	1,053	4,131
Insurance	2,049	1,029	1,053	4,131
Prosperity account	10,800	-	-	10,800
In-kind expenses	83,204	-	-	83,204
Total expenses before depreciation	341,621	151,660	127,303	620,584
Depreciation	893	448	459	1,800
<b>Total functional expenses</b>	<b><u>\$ 342,514</u></b>	<b><u>\$ 152,108</u></b>	<b><u>\$ 127,762</u></b>	<b><u>\$ 622,384</u></b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

	Program Services	Supporting Services		Totals
		Fundraising	Management and General	
Salaries	\$ 113,656	\$ 69,744	\$ 74,910	\$ 258,310
Employee benefits	18,297	11,228	12,060	41,585
Retirement plan contribution	8,374	5,138	5,519	19,031
Payroll Taxes	10,672	6,548	7,034	24,254
Total salaries and benefits	<u>150,999</u>	<u>92,658</u>	<u>99,523</u>	<u>343,180</u>
Resource development - campaign	-	19,771	-	19,771
Total resource development - campaign	<u>-</u>	<u>19,771</u>	<u>-</u>	<u>19,771</u>
Rent	7,920	4,860	5,220	18,000
Telephone	2,725	1,672	1,796	6,193
Total facilities	<u>10,645</u>	<u>6,532</u>	<u>7,016</u>	<u>24,193</u>
Professional fees	5,595	18,403	3,687	27,685
Bank service charge & fees	4,085	2,506	2,692	9,283
Office supplies	2,194	1,346	1,444	4,984
Computer expenses	3,094	1,899	2,039	7,032
Postage	912	559	601	2,072
Equipment rent & maintenance	1,586	974	1,045	3,605
Intern stipend	4,070	2,498	2,682	9,250
Travel, meals, meetings & training	4,340	2,664	2,860	9,864
Membership dues - other	2,352	1,443	1,550	5,345
Insurance	1,361	836	897	3,094
In-kind expenses	77,348	-	-	77,348
Total expenses before depreciation	268,581	152,089	126,036	546,706
Depreciation	681	418	449	1,548
<b>Total functional expenses</b>	<b><u>\$ 269,262</u></b>	<b><u>\$ 152,507</u></b>	<b><u>\$ 126,485</u></b>	<b><u>\$ 548,254</u></b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	<b>2016</b>	<b>2015 Restated</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (188,712)	\$ 166,041
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,800	1,548
Provision for uncollectible pledges	(6,469)	(2,723)
Realized/unrealized gain on investments	(1,874)	(10,178)
Change in operating assets and liabilities		
Pledges receivable	50,758	124,787
Allocations due from CCC	10,339	359
Other receivables	(3,056)	(2,819)
Prepaid expenses	3,591	(733)
Allocations/designations payable	(25,609)	(54,635)
Accounts payable and accrued expenses	12,006	(823)
Deferred revenue	124,309	54,545
Net cash provided by (used in) operating activities	(22,917)	275,369
<b>Cash flows from investing activities:</b>		
Investment in marketable securities	(4,867)	(9,493)
Purchase of equipment	(1,648)	(5,581)
Net cash provided by (used in) investing activities	(6,515)	(15,074)
Net increase (decrease) in cash and cash equivalents	(29,432)	260,295
Cash and cash equivalents, beginning of year	509,196	248,901
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 479,764</b>	<b>\$ 509,196</b>
 <b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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



**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(1) NATURE OF ORGANIZATION**

United Way of Frederick County Incorporated (UWFC) is a non-profit organization formed to support community, charitable, benevolent, and educational undertakings that give aid, relief, and comfort primarily to the people of Frederick County, Maryland, by increasing general knowledge and promoting public interest in such undertakings, and by collecting and distributing money and services for these purposes. UWFC begins its annual campaign in the fall of each year, and continues it through the spring of the following year.

UWFC is a community impact organization and grants funds to organizations focused on measurable outcomes in the areas of education, income, and health. UWFC routinely recruits and engages volunteers and expert leaders to advance the common good through community forums, on-going summer service projects, and other service activities.

UWFC (a local United Way) is a member of United Way Worldwide (UWW). UWW is an international organization dedicated to leading the United Way movement. Local United Ways create long-lasting community change by addressing the underlying causes of the most significant local issues; specifically, education health, and income. Membership allows local United Ways to use the name and service marks owned by UWW, during the period of membership. Membership support calculations are based on a formula driven process. As a member, UWFC is subject to financial and membership accountability standards established by UWW.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenditures are recognized when they are incurred, without regard to receipt or payment of cash. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation** – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. UWFC is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of UWFC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. UWFC had no temporarily restricted net assets at June 30, 2016 or 2015.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by UWFC. Generally, the donors of these assets permit UWFC to use all or part of the income earned on any related investments for general or specific purposes. UWFC had no permanently restricted net assets at June 30, 2016 or 2015.

**Cash and Cash Equivalents** – All short-term highly liquid investments with a maturity date within 90 days of purchase are considered cash equivalents.

**Restricted Cash** – Restricted cash – CCC includes cash maintained in a separate account for the Combined Charity Campaigns (see Note 10). Restricted cash – IDA includes unspent funds, including matching funds, under a grant from the Department of Health and Human Services.

**Pledges Receivable** – UWFC uses the allowance method to determine uncollectible pledges and the allowance is based on prior years' experience.

**Public Support** – Contributions are recognized when the donor makes a promise (pledge) to give UWFC that is, in substance, unconditional. All contributions are considered to be available for the general programs of UWFC unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Designated Pledges** – Some pledges to UWFC are donor-designated for UWFC member/partner agencies, other United Way agencies or Non-United Way agencies. Because UWFC's role consists of collecting, holding, and remitting these pledges to the designated organization without having variance power to transfer the assets to another beneficiary, such amounts are deducted from total support on the Statements of Activities and Changes in Net Assets.

**Donated Services and In-Kind Contributions** – Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated services and materials for the years ended June 30, 2016 and 2015 totaled \$83,204 and \$77,348, respectively, of which approximately \$33,659 and \$29,950, respectively, related to public service announcements and advertising. Donated services from unpaid volunteers who assist in fundraising and special projects are not recognized in the Statements of Activities and Changes in Net Assets because the criteria for recognition under accounting standards have not been satisfied.



**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising** – Advertising costs are expensed as incurred. Advertising costs were \$5,201 and \$4,675 for the year ended June 30, 2016 and 2015, respectively.

**Use of 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.

**(3) MARKETABLE SECURITIES**

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. Realized and unrealized gains and losses are included in the change in net assets.

Marketable securities represent the following as of June 30:

	<u>2016</u>	<u>2015</u>
Cash & equivalents	\$ 9,046	\$ 31,270
Fixed income securities	327,138	260,592
Equities	<u>351,648</u>	<u>389,229</u>
Total	<u>\$ 687,832</u>	<u>\$ 681,091</u>

Included in revenue on the Statements of Activities and Changes in Net Assets for the years ended June 30, 2016 and 2015 are \$17,065 and \$14,739, respectively, of interest and dividend income and \$1,874 and \$10,178, respectively, of net realized and unrealized gains on these marketable securities.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(4) PLEDGES RECEIVABLE**

Pledges receivable for the 2015 and 2014 campaigns consists of the following as of June 30:

	<b>2016</b>	<b>2015 Restated</b>
Pledges receivable	\$ 316,848	\$ 367,607
Less: allowance for uncollectible pledges (9% of annual campaign pledges and contributions)	(88,162)	(94,632)
<b>Total</b>	<b>\$ 228,686</b>	<b>\$ 272,975</b>

Pledges receivable are expected to be collected in one year.

**(5) FAIR VALUES**

Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The input levels used for valuing the assets and liabilities are not necessarily an indication of risk. The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWFC has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation of methodology are unobservable and significant to the fair value measurement.



**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(5) FAIR VALUES (continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

*Cash and equivalents, fixed income securities and equities* – valued at the closing price reported on the active market on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although UWFC believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, UWFC's investments as of June 30, 2016:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash & equivalents	\$ 9,046	\$ -	\$ -	\$ 9,046
Fixed income securities	\$ 327,138	-	-	327,138
Equities	\$ 351,648	-	-	351,648
Unconditional promises to give	-	-	228,686	228,686
Total	<b>\$ 687,832</b>	<b>\$ -</b>	<b>\$ 228,686</b>	<b>\$ 916,518</b>

The following table sets forth by level, within the fair value hierarchy, UWFC's investments as of June 30, 2015 (restated):

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash & equivalents	\$ 31,270	\$ -	\$ -	\$ 31,270
Fixed income securities	260,592	-	-	260,592
Equities	389,229	-	-	389,229
Unconditional promises to give	-	-	272,975	272,975
Total	<b>\$ 681,091</b>	<b>\$ -</b>	<b>\$ 272,975</b>	<b>\$ 954,066</b>

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(5) FAIR VALUES (continued)**

**Level 3 Assets and Liabilities**

The following table provides a summary of changes in fair value of UWFC's Level 3 financial assets and liabilities:

	<b>2016</b>	<b>2015</b>
	<b><u>Pledges - Net</u></b>	<b><u>Pledges - Net</u></b>
		<b><u>Restated</u></b>
Balance - beginning of year	\$ 272,975	\$ 395,039
Contributions:		
Pledge payments	(676,377)	(1,117,709)
New pledges	720,250	1,090,277
Allowance account	<u>(88,162)</u>	<u>(94,632)</u>
Balance - end of year	<b><u>\$ 228,686</u></b>	<b><u>\$ 272,975</u></b>

**(6) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Office equipment	\$ 55,983	\$ 54,335
Less: accumulated depreciation	<u>(49,706)</u>	<u>(47,906)</u>
Total	<b><u>\$ 6,277</u></b>	<b><u>\$ 6,429</u></b>

Property and equipment having a unit cost of \$500 or more and an estimated useful life of more than three years are capitalized at cost if purchased and at estimated fair value if donated. Depreciation is recognized on the straight-line method over estimated useful lives of three to seven years. Depreciation expense for the years ended June 30, 2016 and 2015 was \$1,800 and \$1,548, respectively.

**(7) ASSETS HELD IN SPECIAL AWARDS TRUST FUND/LIABILITY FOR ASSETS HELD IN SPECIAL AWARDS TRUST FUND**

UWFC maintains a perpetual fund pursuant to a Memorandum of Understanding dated January 2000 related to The Dr. Henry P. and M. Page Laughlin Special Awards Trust Fund for United Way of Frederick County. This fund is held in a brokerage account. Funds for awards to beneficiaries will be made available when the annual amount of increases in capital exceeds \$2,500 per annum. No less than 60% of the annual investment return shall be reinvested in perpetuity.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(7) ASSETS HELD IN SPECIAL AWARDS TRUST FUND/LIABILITY FOR ASSETS HELD IN SPECIAL AWARDS TRUST FUND (continued)**

UWFC is required to keep the funds in a separate account and shall receive an annual management fee of 1/10 of one percent of the market value of the fund as of June 30 of that year, with the fee to be adjusted downward as the market value of the fund grows. The terms of the agreement may be amended from time to time by Dr. and Mrs. Laughlin during their lifetimes.

Distributions from the fund to UWFC are recognized as support when received. Contributions, earnings and other transactions within the trust are not recognized in the Statements of Activities and Changes in Net Assets as these changes are offset by the corresponding changes in liability for assets held in Special Awards Trust Fund.

**(8) ALLOCATIONS/DESIGNATIONS PAYABLE TO AGENCIES**

The policy is to pay-out the allocations/designations based on actual amounts collected. For the year ended June 30, 2015, \$304,961 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$290,328, based on collections. An adjustment of \$14,633 is reflected in the statements of Activities and Changes in Net Assets for the year ended June 30, 2016.

For the year ended June 30, 2014, \$359,596 was accrued to be paid out to agencies, partners, and other United Way agencies. The actual amounts paid were \$332,666, based on collections. An adjustment of \$26,930 is reflected in the Statements of Activities and Changes in Net Assets for the year ended June 30, 2015.

Annually, an adjustment will be reflected in the statements of activities for payments based on collections.

**(9) UNRESTRICTED NET ASSETS – BOARD DESIGNATED**

In October 2004, the Board designated funds to a separate account to be used in developing UWFC leadership. The balance as of June 30, 2016 and 2015 was \$78,156 and \$83,697, respectively.

**(10) OTHER CAMPAIGNS**

In addition to its own campaign, UWFC manages the campaigns of several other unrelated organizations. As fiscal agent, UWFC is the custodian of the funds and is responsible for the administration and disbursement of funds for which it receives a commissioned administrative fee.



**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(10) OTHER CAMPAIGNS (continued)**

*Combined Charity Campaigns (CCC)*

UWFC is the Principal Combined Fund Organization for the following Combined Charity Campaigns: Frederick County Government Employees, The City of Frederick Employees, and Board of Education of Frederick County Employees. Donations are collected by UWFC for the Combined Charity Campaigns and are deposited in separate cash accounts and distributed quarterly to participating agencies and UWFC.

The gross pledges and expenses of these other campaigns are not reflected in these financial statements. The only amounts included in the accompanying Statements of Activities and Changes in Net Assets related to these campaigns are UWFC's share of the pledges and the commissioned administrative fees.

The following amounts are included in the accompanying Statements of Financial Position:

Restricted cash – CCC – Represents undisbursed collections in CCC restricted bank accounts over which UWFC has control.

Allocations due from CCC – Represents UWFC's share of the CCC campaign pledges not yet paid to UWFC.

Due to CCC – Represents the portion of restricted cash that is payable to agencies other than UWFC.

**(11) RETIREMENT PLAN**

UWFC maintains a 403(b) Thrift Plan, classified as a defined contribution plan, for all employees meeting minimum age and service requirements. Employees can contribute any percentage of their salary provided that they do not contribute more than the maximum permitted by law. Each plan year, an employer based contribution equal to 10% of eligible employees' compensation will be made. The value of an employee's account attributable to employer contributions is fully vested after four years of service. The employer contribution for the years ended June 30, 2016 and 2015 was \$15,272 and \$19,031, respectively.

**(12) LEASE COMMITMENTS**

UWFC has a five year lease for office space at the Bernard W. Brown Community Center beginning on January 1, 2014 and ending on December 31, 2019. The monthly lease payment is \$1,500 for the term of the lease. UWFC has the option to renew this lease for a term of one to three years prior to the expiration of the current term.



**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(12) LEASE COMMITMENTS (continued)**

UWFC also leases office equipment. The postage machine lease requires quarterly payments of \$212 through December 2018. A copier lease effective July 2016 requires monthly payments of \$160 through June 2021.

Future minimum lease payments under these agreements are as follows for the years ended June 30:

2017	\$ 20,770
2018	20,770
2019	11,344
2020	1,920
2021	1,920

Rent expense for the above leases for the years ended June 30, 2016 and 2015 totaled \$18,850 and \$19,780, respectively.

**(13) INCOME TAXES**

UWFC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended June 30, 2016 and 2015, UWFC has determined that no income tax is due for its activities. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. UWFC is not considered a private foundation.

UWFC has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. UWFC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on UWFC's financial condition, results of operations, or cash flows. Accordingly, UWFC has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2016 or 2015.

UWFC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. UWFC believes it is no longer subject to U.S. Federal, state, and local income tax examinations for years prior to 2012.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**(14) CONCENTRATIONS**

Credit Risk

Cash held by UWFC in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes UWFC is not exposed to any significant credit risk related to cash.

Sources of Revenue

UWFC received approximately 20% of its 2015 campaign support from one local business. Pledges receivable from this entity for the year ended June 30, 2016 was \$108,645.

UWFC received approximately 16% of its 2014 campaign support from one local business. Pledges receivable from this entity for the year ended June 30, 2015 was \$100,627.

**(15) PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2016, management determined that pledges receivable and 2014 campaign revenue at June 30, 2015 was overstated by \$50,097. The June 30, 2015 financial statements have been restated to correct this error. The effect of this error was to decrease unrestricted net assets as of June 30, 2015 by \$50,097.

**(16) SUBSEQUENT EVENTS**

In preparing these financial statements, UWFC has evaluated events and transactions for potential recognitions or disclosure through December 6, 2016, the date the financial were available to be issued. There were no subsequent events to report.

**SUPPLEMENTARY INFORMATION**

**United Way of Frederick County, Incorporated**  
**Schedules of Community Impact Partners Designations Payable**  
**For the Years Ended June 30,**

	<u>2016</u>	<u>2015</u>
Boys & Girls Club of Frederick County	\$ 3,388	\$ 3,499
Frederick Rescue Mission, Inc.	7,792	12,394
Gale Recovery, Inc.	2,144	3,335
Goodwill Industries of Monocacy Valley, Inc.	1,250	1,769
Heartly House, Inc.	64,722	60,246
Housing Authority of the City of Frederick	960	291
Interfaith Housing Alliance, Inc.	340	948
Mental Health Association of Frederick County	7,126	7,235
YMCA of Frederick County	4,445	4,215
	<u>\$ 92,167</u>	<u>\$ 93,932</u>

The accompanying notes are an integral part of these schedules.



**United Way of Frederick County, Incorporated**  
**Schedule of Community Impact Grants**  
**For the Year Ended June 30, 2016**

**Community Impact Grants:**

Boys & Girls Club of Frederick County	\$ 36,000
Frederick Rescue Mission, Inc.	20,000
Gale Recovery, Inc.	33,638
Goodwill Industries of Monocacy Valley, Inc.	9,000
Heartly House, Inc.	20,000
Housing Authority of the City of Frederick	20,000
Interfaith Housing Alliance, Inc.	15,000
Mental Health Association of Frederick County	30,000
YMCA of Frederick County	15,000

<b>Total Community Impact Grants</b>	<u>198,638</u>
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**Live United Grants:**

Advocates for Homeless Families	\$ 4,000
Blessings in a Backpack	5,000
Catoctin Community Medical Fund	3,000
Children of Incarcerated Parents Partners	2,000
Family Partnership	2,000
Frederick County Judy Center	2,000
Frederick Rescue Mission, Inc.	1,200
Heartly House, Inc.	4,675
Housing Authority of City of Frederick	5,625
Interfaith Housing Alliance	2,150
Literacy Council of Frederick County	1,000
Main Street Housing, Inc.	1,125
Mission of Mercy-Frederick	1,400
Monocacy Health Partners, Inc.	4,000
Partners in Care Frederick	5,000
Religious Coalition for Emergency Human Needs	2,500
Second Chances Garage	2,500
SHIP-Student Homelessness Initiative Partnership	7,500
The Frederick Center, Inc.	1,000

<b>Total Live United Grants</b>	<u>57,675</u>
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<b>Total Grants</b>	<u>\$ 256,313</u>
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The accompanying notes are an integral part of this schedule.