

**UNITED WAY OF  
THURSTON COUNTY**

Audited Financial Statements

June 30, 2016 and 2015

**UNITED WAY OF THURSTON COUNTY**

Audited Financial Statements

June 30, 2016 and 2015

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1501 Regents Blvd., Suite 100

Fircrest, WA 98466

(253)566-7070

fax (253)566-7100

## Independent Auditor's Report

To the Board of Directors  
United Way of Thurston County  
Olympia, Washington

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

We have audited the accompanying financial statements of United Way of Thurston County ("United Way") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, 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***

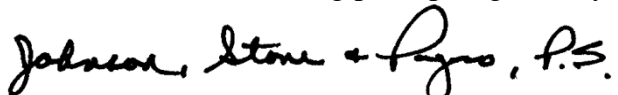
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 United Way'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 United Way'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 Thurston County 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.

  
JOHNSON, STONE & PAGANO, P.S.

October 26, 2016

**AUDITED FINANCIAL STATEMENTS**

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 630,747	\$ 780,700
Certificates of deposit	333,979	332,921
Campaign pledges receivable		
2015/2016 Campaign, net of allowance of \$55,580		
2014/2015 Campaign, net of allowance of \$65,749	288,302	397,447
Other receivables	44,873	50,938
Other assets	2,500	2,500
Property and equipment - net	19,306	27,302
Community Foundation endowments	<u>248,559</u>	<u>252,362</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,568,266</u></b>	<b>\$ <u>1,844,170</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 172,198	\$ 149,773
Due to designated agencies	<u>73,544</u>	<u>149,488</u>
<b>Total Liabilities</b>	245,742	299,261
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	353,474	518,352
Board-designated Women's Leadership Council	114,926	72,932
Board-designated reserve	<u>150,000</u>	<u>150,000</u>
<b>Total Unrestricted Net Assets</b>	618,400	741,284
Temporarily restricted	668,599	768,100
Permanently restricted	<u>35,525</u>	<u>35,525</u>
<b>Total Net Assets</b>	<b><u>1,322,524</u></b>	<b><u>1,544,909</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,568,266</u></b>	<b>\$ <u>1,844,170</u></b>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current Campaign				
Contributions received in current period	\$ 557,155	\$ 266,345		\$ 823,500
Less donor designations	(128,454)			(128,454)
Less provisions for uncollectibles	<u>(51,933)</u>			<u>(51,933)</u>
<b>Net Current Campaign Revenues</b>	376,768	266,345		643,113
Old Campaign				
Contributions received in current period	17,760			17,760
Contributions received in prior period (released from restrictions)	<u>364,446</u>	<u>(364,446)</u>		
<b>Net Old Campaign Revenues</b>	382,206	(364,446)		17,760
Campaign revenue received for next allocation period		<u>25,298</u>		<u>25,298</u>
<b>Total Contributions</b>	758,974	(72,803)		686,171
Grants and contracts	395,786			395,786
Special events	217,285	32,000		249,285
Other contributions	41,573			41,573
Service fees	31,967			31,967
Investment income (loss)	(1,959)			(1,959)
In-kind revenue	57,564			57,564
Rental income	5,700			5,700
Release of temporary restriction on contributions	<u>58,698</u>	<u>(58,698)</u>		
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	1,565,588	(99,501)		1,466,087

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

**UNITED WAY OF THURSTON COUNTY**  
**STATEMENTS OF ACTIVITIES (Continued)**  
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 800,530			\$ 800,530
Less donor designations	<u>(128,454)</u>			<u>(128,454)</u>
<b>Net Funds Awarded/Distributed</b>	672,076			672,076
Community Services	<u>466,869</u>			<u>466,869</u>
<b>Total Program Services</b>	1,138,945			1,138,945
Supporting services				
Fundraising	212,123			212,123
Organization administration	<u>337,404</u>			<u>337,404</u>
<b>Total Supporting Services</b>	<u>549,527</u>			<u>549,527</u>
<b>Total Expenses</b>	<u>1,688,472</u>			<u>1,688,472</u>
<b>CHANGE IN NET ASSETS</b>	(122,884)	\$ (99,501)		(222,385)
<b>Net Assets at Beginning of Year</b>	<u>741,284</u>	<u>768,100</u>	\$ <u>35,525</u>	<u>1,544,909</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 618,400</u>	<u>\$ 668,599</u>	<u>\$ 35,525</u>	<u>\$ 1,322,524</u>

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



**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current Campaign				
Contributions received in current period	\$ 554,551	\$ 398,051		\$ 952,602
Less donor designations	(235,536)			(235,536)
Less provisions for uncollectables	<u>(61,824)</u>			<u>(61,824)</u>
<b>Net Current Campaign Revenues</b>	257,191	398,051		655,242
Old Campaign				
Contributions received in current period	30,796			30,796
Contributions received in prior period (released from restrictions)	<u>390,439</u>	<u>(390,439)</u>		
<b>Net Old Campaign Revenues</b>	421,235	(390,439)		30,796
Campaign revenue received for next allocation period		<u>52,546</u>		<u>52,546</u>
<b>Total Contributions</b>	678,426	60,158		738,584
Grants and contracts	243,558			243,558
Special events	151,428	43,180		194,608
Other contributions	60,215			60,215
Service fees	34,594			34,594
Investment income	3,703			3,703
In-kind revenue	96,914			96,914
Rental income	5,400			5,400
Release of temporary restriction on contributions	<u>50,422</u>	<u>(50,422)</u>		
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	1,324,660	52,916		1,377,576

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 799,563			\$ 799,563
Less donor designations	<u>(235,536)</u>			<u>(235,536)</u>
<b>Net Funds Awarded/Distributed</b>	564,027			564,027
Community Services	<u>363,313</u>			<u>363,313</u>
<b>Total Program Services</b>	927,340			927,340
Supporting services				
Fundraising	205,881			205,881
Organization administration	<u>281,526</u>			<u>281,526</u>
<b>Total Supporting Services</b>	<u>487,407</u>			<u>487,407</u>
<b>Total Expenses</b>	<u>1,414,747</u>			<u>1,414,747</u>
<b>CHANGE IN NET ASSETS</b>	(90,087)	\$ 52,916		(37,171)
<b>Net Assets at Beginning of Year</b>	<u>831,371</u>	<u>715,184</u>	\$ <u>35,525</u>	<u>1,582,080</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 741,284</u>	<u>\$ 768,100</u>	<u>\$ 35,525</u>	<u>\$ 1,544,909</u>

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

**UNITED WAY OF THURSTON COUNTY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2016

	Program Services		Supporting Services		Total Supporting Services	Combined Total
	Distributions	Community Services	Fundraising	Organization Administration		
Salaries, payroll tax and benefits		\$ 319,629	\$ 125,269	\$ 199,777	\$ 325,046	\$ 644,675
Professional fees				18,250	18,250	18,250
Meeting and events		47,335	27,921	44,579	72,500	119,835
Office expenses		4,830	2,850	4,549	7,399	12,229
Computer expense		5,246	3,095	4,941	8,036	13,282
Postage and printing		3,150	1,857	2,965	4,822	7,972
Occupancy		22,596	13,329	21,281	34,610	57,206
Insurance		1,281	756	1,206	1,962	3,243
Miscellaneous		7,528	4,440	7,088	11,528	19,056
Advertising		20,482	12,082		12,082	32,564
Contracted services		958	565	902	1,467	2,425
Marketing		3,857	2,275	3,633	5,908	9,765
Auto expense		2,902	1,712	2,733	4,445	7,347
Supplies		4,195	2,475	3,951	6,426	10,621
Staff and board development		1,650	974	1,555	2,529	4,179
Travel		3,778	2,229	3,559	5,788	9,566
Membership dues		7,732	4,561	7,282	11,843	19,575
Volunteers		2,474	1,459	2,329	3,788	6,262
Loss on disposal of assets		932	549	877	1,426	2,358
Distributions, net of donor designations	\$ <u>672,076</u>					<u>672,076</u>
<b>Total Functional Expenses before Depreciation</b>	<u>672,076</u>	<u>460,555</u>	<u>208,398</u>	<u>331,457</u>	<u>539,855</u>	<u>1,672,486</u>
Depreciation		<u>6,314</u>	<u>3,725</u>	<u>5,947</u>	<u>9,672</u>	<u>15,986</u>
<b>TOTAL EXPENSES</b>	<u>\$ 672,076</u>	<u>\$ 466,869</u>	<u>\$ 212,123</u>	<u>\$ 337,404</u>	<u>\$ 549,527</u>	<u>\$ 1,688,472</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2015

	Program Services		Supporting Services			Combined Total
	Distributions	Community Services	Fundraising	Organization Administration	Total	
					Supporting Services	
Salaries, payroll tax and benefits		\$ 191,312	\$ 116,323	\$ 185,494	\$ 301,817	\$ 493,129
Professional fees				13,350	13,350	13,350
Meeting and events		58,241	22,459	15,688	38,147	96,388
Office expenses		4,611	2,720	4,343	7,063	11,674
Computer expense		5,280	3,115	4,973	8,088	13,368
Postage and printing		5,032	2,966	4,736	7,702	12,734
Occupancy		22,596	13,329	21,281	34,610	57,206
Insurance		1,267	747	1,193	1,940	3,207
Miscellaneous		7,765	4,580	7,313	11,893	19,658
Advertising		42,622	25,141		25,141	67,763
Contracted services		1,127	664	1,061	1,725	2,852
Marketing		2,336	1,378	2,200	3,578	5,914
Auto expense		3,627	2,139	3,416	5,555	9,182
Supplies		2,659	1,568	2,504	4,072	6,731
Staff and board development		460	271	432	703	1,163
Travel		488	287	459	746	1,234
Membership dues		6,685	3,943	6,296	10,239	16,924
Volunteers		1,217	718	1,147	1,865	3,082
Distributions, net of donor designations	\$ 564,027					564,027
<b>Total Functional Expenses before Depreciation</b>	564,027	357,325	202,348	275,886	478,234	1,399,586
Depreciation		5,988	3,533	5,640	9,173	15,161
<b>TOTAL EXPENSES</b>	\$ 564,027	\$ 363,313	\$ 205,881	\$ 281,526	\$ 487,407	\$ 1,414,747

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from various donors for		
Annual campaign	\$ 923,769	\$ 993,949
Grants and contracts	401,851	278,371
Special events	249,285	194,608
Other contributions	41,573	60,215
Cash received from		
Investment income	786	799
Service fees	31,967	34,594
Rental income	5,700	5,400
Cash payment for		
Allocations and grants	(672,077)	(564,027)
Designated agencies	(204,398)	(247,751)
Employees and suppliers	<u>(918,061)</u>	<u>(612,997)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	(139,605)	143,161
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(10,348)</u>	<u>(3,339)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(149,953)	139,822
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>780,700</u>	<u>640,878</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 630,747</u>	<u>\$ 780,700</u>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF CASH FLOWS (Continued)**

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (222,385)	\$ (37,171)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	15,986	15,161
Loss on disposal of equipment	2,358	
Allowance for uncollectables	68,800	72,384
Realized gain on investments	(7,917)	(11,859)
Unrealized loss on investments	11,720	9,412
Contributions of property and equipment		(1,500)
(Increase) decrease in operating assets		
Certificates of deposit	(1,058)	(457)
Pledges receivable	40,345	(52,551)
Other receivables	6,065	34,813
Other assets		99
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	22,425	127,045
Due to designated agencies	<u>(75,944)</u>	<u>(12,215)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (139,605)</u>	<u>\$ 143,161</u>

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

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

##### *Nature of Activities*

United Way of Thurston County ("United Way") is a nonprofit organization organized under the laws of the state of Washington and is an exempt organization under the Internal Revenue Code, Section 501(c)(3). United Way's mission is to strengthen the community by connecting people and resources to meet identified human needs.

United Way strengthens the lives of people, from children to seniors, through partnerships, programs and community initiatives that deliver tangible results. It focuses its resources on four specific areas of impact:

Helping Kids Succeed  
Promoting Self-Sufficiency

Meeting Basic Needs  
Supporting Health and Wellness

A summary of United Way's significant accounting policies follows:

##### *Basis of Presentation*

The financial statements present United Way's financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, United Way considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings and money market accounts.

##### *Campaign Pledges and Designations*

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable. Substantially all of the pledges receivable at June 30, 2016 and 2015 are from corporations and individuals.

Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of Campaign Results from which the amounts are then deducted to arrive at Campaign Revenue.

Provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors, applied to gross campaign revenue.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Campaign Pledges and Designations (Continued)***

Donor-designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards, as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designed Funds)*.

##### ***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor (other than donor-designated gifts received through the annual campaign) is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is 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.

##### ***Community Investment Grants and Donor Choice Designations***

Community investment grants to support health and human service programs are determined through a review process by United Way committees composed of board members and community volunteers. Agencies that are awarded funding are notified in the spring of each year and are required to sign a memorandum of understanding.

Donor choice designations to other nonprofit organizations are subject to an administrative fee based on the previous year's functional expense overhead calculation. The administrative fee applied was 25% for the years ended June 30, 2016 and 2015. Donations to other United Ways in Washington and designations from major donors are processed at a reduced fee or without fee.

##### ***Board-Designated - Women's Leadership Council***

The Women's Leadership Council ("WLC") is a program of United Way of Thurston County organized to help women acquire the life-long skills needed to support themselves and their families. Funds raised by WLC members and their events are available for grants to non-profits serving women and girls in Thurston County. At June 30, 2016 and 2015, \$114,926 and \$72,932, respectively, has been designated for WLC grants and projects.

##### ***Property and Equipment***

Property and equipment purchased in excess of \$500 with a useful life of two or more years are capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment consist of computer equipment, office equipment and furniture.



## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Donated Property and Equipment***

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a significant 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, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

##### ***Donated Materials***

Donated materials are reflected as contributions at their estimated values at date of receipt. For the years ended June 30, 2016 and 2015, United Way received donated advertising, printing and website design of \$32,564 and \$96,914, respectively.

##### ***Donated 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 United Way with allocations, Day of Caring and various committee assignments. United Way receives more than 4,000 volunteer hours per year.

##### ***Functional Expenses***

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards (Revised 2003)*.

##### ***Federal Income Taxes***

United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. United Way has unrelated business taxable income as defined by the Internal Revenue Code. There was no income tax expense for the years ended June 30, 2016 and 2015. United Way's information returns for the years prior to June 30, 2013 are closed to examination.

##### ***Use of Estimates***

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

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Subsequent Events*

United Way has evaluated for subsequent events through October 26, 2016, the date the statements were available to be issued.

##### *Concentration of Risk*

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016, United Way's cash balance at one financial institution exceeded the insurance limit by approximately \$32,000. United Way has not experienced any losses related to these cash balances.

The employee payroll deduction program of the state of Washington comprises approximately 7.0% and 6.5% of annual campaign pledges for the years ended June 30, 2016 and 2015, respectively. For the years ended June 30, 2016 and 2015, three company campaigns had pledges comprising approximately 4.6% to 7.5% and 5.4% to 12.3%, respectively, of total annual campaign pledges.

#### NOTE 2 - CERTIFICATES OF DEPOSIT

Certificates of deposit are valued at cost plus interest earned. The certificates of deposit with various maturities from September 2016 through May 2017 have interest rates ranging from 0.20% to 0.50%.

#### NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. All amounts are expected to be received within one year.

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Equipment and furniture	\$ 119,957	\$ 135,922
Less accumulated depreciation	<u>100,651</u>	<u>108,620</u>
Property and Equipment, Net	\$ <u>19,306</u>	\$ <u>27,302</u>

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### NOTE 5 - COMMUNITY FOUNDATION ENDOWMENTS

United Way has established endowment funds with the Community Foundation of South Puget Sound (the "Foundation"). The Foundation shall control the invested assets. Under the agreement with the Foundation, distributions are available to United Way for purposes of acquiring or renovating a capital asset or in the event of unexpected financial need that is not expected to recur. Distributions of investment income, when available, will be made at least annually to the United Way.

The cost and market values of the investments are as follows:

	<u>Cost</u>	<u>Estimated Market Value</u>	<u>Unrealized Gain</u>
Invested Endowment as of June 30, 2016	\$ <u>212,752</u>	\$ <u>248,559</u>	\$ <u>35,807</u>
Invested Endowment as of June 30, 2015	\$ <u>204,835</u>	\$ <u>252,362</u>	\$ <u>47,527</u>

Activity in the Endowment Funds is as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 252,362	\$ 249,915
Net investment earnings (loss)	<u>(3,803)</u>	<u>2,447</u>
Balance, end of year	\$ <u>248,559</u>	\$ <u>252,362</u>

#### NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$668,599 will be available for fiscal year 2017 when the time restriction (net campaign pledges received for future periods and grants) is met.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Time restrictions (net campaign pledges received for future period and grants with time restrictions) satisfied were \$364,446 and \$390,439 for the years ended June 30, 2016 and 2015, respectively.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

#### NOTE 7 - OPERATING LEASES

##### *Office*

United Way has a month-to-month lease agreement for an office facility with monthly payments of \$4,512.

##### *Equipment*

United Way has a lease agreement for a copier. The lease is recognized as an operating lease with monthly payments of \$341 through December 2017.

Future minimum lease payments for this copier lease for the year ended June 30, 2017 is \$2,046.

Rent expense for these leases for 2016 and 2015 was \$58,368 and \$58,272, respectively.

#### NOTE 8 - PENSION PLAN

United Way has established a Simplified Employee Pension Plan available to all permanent employees when certain eligibility requirements are met. The United Way may make discretionary contributions. For the years ended June 30, 2016 and 2015, United Way made contributions to the plan of \$23,187 and \$19,330, respectively.

#### NOTE 9 - SPECIAL EVENTS

The United Way sponsors projects which were value-added services to the community. The intention was to have expenses met by the contributions specifically solicited for the project. Special events include the Day of Caring, Straight from the Heart, Power of the Purse and an annual luncheon. Revenues and expenses from these projects consist of the following for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Revenue	\$ 249,285	\$ 194,608
Expenses	<u>68,544</u>	<u>72,561</u>
	<u>\$ 180,741</u>	<u>\$ 122,047</u>

#### NOTE 10 – RELATED PARTY TRANSACTIONS

United Way's executive director is a board member of another nonprofit organization. The United Way has an operating agreement with this nonprofit organization for office space and administrative services for \$500 and \$1,500 monthly, respectively. The agreement expires December 31, 2017 and either party can terminate the lease agreement with 30 days written notice.