

UNITED WAY OF THE PIEDMONT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

UNITED WAY OF THE PIEDMONT, INC.

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The Board of Directors
United Way of the Piedmont, Inc.
Spartanburg, South Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of United Way of the Piedmont, Inc. (a nonprofit organization) 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. 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 of 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 the Piedmont, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses (overhead) calculation on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
October 10, 2016

UNITED WAY OF THE PIEDMONT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

Assets

	2016	2015
Cash and equivalents	\$ 425,607	\$ 583,429
Pledges receivable - net	2,688,988	2,769,081
Other receivables	18,446	18,600
Prepaid expense	41,687	28,508
Investments	842,806	878,494
Fixed assets - net	67,865	68,567
Loan receivable	104,000	104,000
	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,189,399</u>	<u>\$ 4,450,679</u>

Liabilities and Net Assets

Allocations and Designations Payable	\$ 724,657	\$ 917,420
Accounts Payable	31,592	49,757
Accrued Expenses	2,106	928
Deferred Revenue	151,730	142,746
	<u> </u>	<u> </u>
Total Liabilities	<u>910,085</u>	<u>1,110,851</u>
Net Assets		
Unrestricted		
Undesignated	1,431,086	1,484,305
Total unrestricted	<u>1,431,086</u>	<u>1,484,305</u>
Temporarily restricted		
Annual campaign designated for future period	1,848,228	1,855,523
	<u> </u>	<u> </u>
Total Net Assets	<u>3,279,314</u>	<u>3,339,828</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 4,189,399</u>	<u>\$ 4,450,679</u>

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,832,607	\$ 4,832,607
Less: Provision for uncollectible accounts	-	(226,718)	(226,718)
Amounts raised on behalf of others	-	(830,740)	(830,740)
Service fees	-	(78,692)	(78,692)
Net campaign revenue	<u>-</u>	<u>3,696,457</u>	<u>3,696,457</u>
Gifts in kind	<u>20,894,241</u>	<u>-</u>	<u>20,894,241</u>
Total public support	<u>20,894,241</u>	<u>3,696,457</u>	<u>24,590,698</u>
Other revenue (expenses)			
Grant income	128,774	-	128,774
Investment income	1,288	-	1,288
Unrealized gain (loss) on investments	(27,299)	-	(27,299)
Designations from other United Ways	65,657	-	65,657
Other	407,605	-	407,605
Service fees	54,262	-	54,262
Total other revenue (expenses)	<u>630,287</u>	<u>-</u>	<u>630,287</u>
Net assets released from restriction	<u>3,703,752</u>	<u>(3,703,752)</u>	<u>-</u>
Total public support and revenue	<u>25,228,280</u>	<u>(7,295)</u>	<u>25,220,985</u>
Expenses			
Program services			
Gross funds awarded/distributed	3,675,255	-	3,675,255
(Less donor designations)	<u>(1,048,480)</u>	<u>-</u>	<u>(1,048,480)</u>
Net funds awarded/distributed	2,626,775	-	2,626,775
Community investment process	127,394	-	127,394
Gifts in Kind Center	308,806	-	308,806
Community education/information referral/volunteerism	445,789	-	445,789
Community advocacy	110,563	-	110,563
Imagination Library	21,239	-	21,239
Retired Senior Volunteer Program	72,533	-	72,533
VISTA Program	41,049	-	41,049
AmeriCorps Program	101,157	-	101,157
Gifts in Kind	20,894,242	-	20,894,242
Total program services	<u>24,749,547</u>	<u>-</u>	<u>24,749,547</u>
Supporting services			
Fundraising	228,738	-	228,738
Management and general	303,214	-	303,214
Total support services	<u>531,952</u>	<u>-</u>	<u>531,952</u>
Total expenses	<u>25,281,499</u>	<u>-</u>	<u>25,281,499</u>
Change in Net Assets	(53,219)	(7,295)	(60,514)
Net Assets, Beginning	<u>1,484,305</u>	<u>1,855,523</u>	<u>3,339,828</u>
Net Assets, Ending	<u>\$ 1,431,086</u>	<u>\$ 1,848,228</u>	<u>\$ 3,279,314</u>

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,944,960	\$ 4,944,960
Less: Provision for uncollectible accounts	-	(137,653)	(137,653)
Amounts raised on behalf of others	-	(1,008,071)	(1,008,071)
Service fees	-	(88,190)	(88,190)
Net campaign revenue	<u>-</u>	<u>3,711,046</u>	<u>3,711,046</u>
Gifts in kind	<u>21,683,270</u>	<u>-</u>	<u>21,683,270</u>
Total public support	<u>21,683,270</u>	<u>3,711,046</u>	<u>25,394,316</u>
Other revenue (expenses)			
Grant income	142,345	-	142,345
Investment income	446	-	446
Unrealized gain (loss) on investments	10,160	-	10,160
Designations from other United Ways	64,669	-	64,669
Other	310,942	-	310,942
Service fees	55,646	-	55,646
Total other revenue (expenses)	<u>584,208</u>	<u>-</u>	<u>584,208</u>
Net assets released from restriction	<u>3,696,242</u>	<u>(3,696,242)</u>	<u>-</u>
Total public support and revenue	<u>25,963,720</u>	<u>14,804</u>	<u>25,978,524</u>
Expenses			
Program services			
Gross funds awarded/distributed	3,475,842	-	3,475,842
(Less donor designations)	(858,555)	-	(858,555)
Net funds awarded/distributed	<u>2,617,287</u>	<u>-</u>	<u>2,617,287</u>
Community investment process	126,639	-	126,639
Gifts in Kind Center	292,156	-	292,156
Community education/information referral/volunteerism	295,911	-	295,911
Community advocacy	121,645	-	121,645
Imagination Library	19,384	-	19,384
Retired Senior Volunteer Program	93,957	-	93,957
AmeriCorps*/Vista Program	50,115	-	50,115
Gifts in Kind	21,683,270	-	21,683,270
Total program services	<u>25,300,364</u>	<u>-</u>	<u>25,300,364</u>
Supporting services			
Fundraising	256,851	-	256,851
Management and general	340,479	-	340,479
United Way of America dues	47,140	-	47,140
Total support services	<u>644,470</u>	<u>-</u>	<u>644,470</u>
Total expenses	<u>25,944,834</u>	<u>-</u>	<u>25,944,834</u>
Change in Net Assets	18,886	14,804	33,690
Net Assets, Beginning	<u>1,465,419</u>	<u>1,840,719</u>	<u>3,306,138</u>
Net Assets, Ending	<u>\$ 1,484,305</u>	<u>\$ 1,855,523</u>	<u>\$ 3,339,828</u>

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services										Support Services		
	Community Investment Process	Gifts in Kind Center	Community education/ information referral/ volunteerism	Community advocacy	Imagination Library	Retired Senior Volunteer Program	Vista Program	AmeriCorps Program	Total Program Services	Fundraising	Management and General	Total Support Services	2016
Salaries	\$ 67,577	\$ 139,616	\$ 237,126	\$ 70,714	\$ 12,531	\$ 33,033	\$ 18,311	\$ 47,068	\$ 625,976	\$ 126,114	\$ 167,174	\$ 293,288	\$ 919,264
Payroll taxes	5,689	10,179	18,862	6,300	1,056	4,034	1,717	3,546	51,383	10,492	13,909	24,401	75,784
Health insurance	5,602	13,358	20,417	4,783	1,117	3,314	2,577	6,161	57,329	10,271	13,615	23,886	81,215
Retirement	1,993	5,639	6,952	1,702	398	2,050	1,762	1,683	22,179	3,654	4,844	8,498	30,677
Total salaries and related expenses	80,861	168,792	283,357	83,499	15,102	42,431	24,367	58,458	756,867	150,531	199,542	350,073	1,106,940
Professional fees	18,039	21,072	39,155	8,062	1,872	5,658	2,872	15,260	111,990	22,577	29,927	52,504	164,494
Supplies	2,942	6,799	6,039	506	118	455	452	500	17,811	1,805	2,393	4,198	22,009
Telephone	910	4,529	13,182	777	182	538	276	1,868	22,262	1,668	2,212	3,880	26,142
Printing	569	1,204	7,173	680	113	336	173	480	10,728	9,426	12,495	21,921	32,649
Postage	3,574	783	5,912	498	192	544	96	234	11,833	1,160	1,538	2,698	14,531
Training	729	488	734	183	37	541	2,975	1,215	6,902	1,824	2,419	4,243	11,145
Business development	989	4,791	6,900	1,036	133	1,251	684	693	16,477	4,079	5,407	9,486	25,963
Public relation events	3,033	6,186	13,613	2,629	583	1,788	886	2,467	31,185	5,379	7,130	12,509	43,694
Public relation supplies	187	395	689	159	37	110	57	158	1,792	349	463	812	2,604
Insurance	977	7,583	3,407	834	195	578	296	1,681	15,551	1,791	2,374	4,165	19,716
Occupancy	4,140	60,711	18,322	3,535	826	2,449	1,256	6,936	98,175	7,590	10,062	17,652	115,827
Equipment	760	2,413	3,917	560	131	514	556	554	9,405	1,735	2,300	4,035	13,440
Transportation	1,334	3,920	11,109	1,107	185	10,423	996	4,189	33,263	3,475	4,607	8,082	41,345
Membership fees	1,821	3,144	6,093	1,268	296	1,293	450	1,253	15,618	3,932	5,212	9,144	24,762
Miscellaneous	788	1,555	1,910	468	109	324	2,966	493	8,613	1,004	1,331	2,335	10,948
Advertising	220	120	2,041	48	26	34	17	57	2,563	290	384	674	3,237
United Way Worldwide dues	3,628	7,683	12,654	3,098	724	2,146	1,100	3,063	34,096	6,652	8,817	15,469	49,565
Total expense before depreciation	125,501	302,168	436,207	108,947	20,861	71,413	40,475	99,559	1,205,131	225,267	298,613	523,880	1,729,011
Depreciation and amortization	1,893	6,638	9,582	1,616	378	1,120	574	1,598	23,399	3,471	4,601	8,072	31,471
Total operating expenses	127,394	308,806	445,789	110,563	21,239	72,533	41,049	101,157	1,228,530	228,738	303,214	531,952	1,760,482
Allocations and awards	3,641,344	-	15,604	18,307	-	-	-	-	3,675,255	-	-	-	3,675,255
Less: donor designations	(1,048,480)	-	-	-	-	-	-	-	(1,048,480)	-	-	-	(1,048,480)
Total allocations and awards	2,592,864	-	15,604	18,307	-	-	-	-	2,626,775	-	-	-	2,626,775
Gifts in kind	1,645	20,879,023	450	-	-	8,858	4,266	-	20,894,242	-	-	-	20,894,242
Total expenses	\$2,721,903	\$21,187,829	\$ 461,843	\$ 128,870	\$ 21,239	\$ 81,391	\$ 45,315	\$ 101,157	\$24,749,547	\$ 228,738	\$ 303,214	\$531,952	\$25,281,499

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services										Support Services			
	Community Investment Process	Gifts in Kind Center	Community education/information referral/volunteerism	Community advocacy	Imagination Library	Retired Senior Volunteer Program	AmeriCorps*/Vista Program	Total Program Services	Fundraising	Management and General	United Way Worldwide Dues	Total Support Services	2015	
Salaries	\$ 67,146	\$ 128,624	\$ 155,650	\$ 82,771	\$ 11,721	\$ 46,676	\$ 23,389	\$ 515,977	\$ 146,487	\$ 194,193	\$ -	\$ 340,690	\$ 856,667	
Payroll Taxes	5,666	9,524	12,487	7,265	995	4,657	2,333	42,927	12,487	16,552	-	29,039	71,966	
Health Insurance	7,109	18,558	17,328	6,516	1,262	6,356	4,347	61,476	16,398	21,738	-	38,136	99,612	
Retirement	1,793	5,525	4,193	1,643	318	2,734	2,597	18,803	4,135	5,481	-	9,616	28,419	
Total salaries and related expenses	81,714	162,231	189,658	98,195	14,296	60,423	32,666	639,183	179,517	237,964	-	417,481	1,056,664	
Professional Fees	16,329	21,122	19,306	7,092	1,373	6,918	3,341	75,481	26,315	34,883	-	61,198	136,679	
Contract Services	-	-	4,618	-	-	-	-	4,618	-	-	-	-	4,618	
Supplies	3,418	5,439	5,441	546	268	519	338	15,969	1,834	2,432	-	4,266	20,235	
Telephone	1,310	4,920	12,284	888	172	866	418	20,858	2,233	2,961	-	5,194	26,052	
Printing	1,295	1,109	5,454	1,384	162	467	226	10,097	8,964	11,882	-	20,846	30,943	
Postage	4,215	788	7,127	345	555	544	157	13,731	1,383	1,834	-	3,217	16,948	
Training	1,336	140	908	60	12	59	3,431	5,946	2,100	2,783	-	4,883	10,829	
Business Development	522	4,153	6,007	1,409	209	1,917	446	14,663	2,334	3,094	-	5,428	20,091	
Public Relation Events	2,186	4,730	7,503	1,978	383	1,930	1,044	19,754	5,051	6,895	-	11,746	31,500	
Public Relation Supplies	131	278	552	120	23	117	64	1,285	424	561	-	985	2,270	
Insurance	685	6,849	1,602	628	122	1,410	296	11,592	1,580	2,094	-	3,674	15,266	
Occupancy	4,387	61,437	12,646	4,021	779	3,922	1,894	89,086	10,118	13,413	-	23,531	112,617	
Equipment	1,142	4,692	4,312	882	171	1,425	415	13,039	2,770	3,673	-	6,443	19,482	
Transportation	3,174	4,000	7,926	1,148	222	10,453	1,510	28,433	3,763	4,988	-	8,751	37,184	
Membership Fees	1,844	3,073	4,285	1,327	257	1,405	625	12,816	4,313	5,718	-	10,031	22,847	
Advertising	1,184	345	816	149	29	145	70	2,738	445	590	-	1,035	3,773	
Miscellaneous	162	5	193	2	66	2	2,481	2,911	6	8	-	14	2,925	
Total expense before depreciation	125,034	285,311	290,638	120,174	19,099	92,522	49,422	982,200	253,150	335,573	-	588,723	1,570,923	
Depreciation and amortization	1,605	6,845	5,273	1,471	285	1,435	693	17,607	3,701	4,906	-	8,607	26,214	
Total operating expenses	126,639	292,156	295,911	121,645	19,384	93,957	50,115	999,807	256,851	340,479	-	597,330	1,597,137	
Allocations and awards	3,458,129	-	17,713	-	-	-	-	3,475,842	-	-	-	-	3,475,842	
Less: donor designations	(858,555)	-	-	-	-	-	-	(858,555)	-	-	-	-	(858,555)	
Total allocations and awards	2,599,574	-	17,713	-	-	-	-	2,617,287	-	-	-	-	2,617,287	
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gifts in Kind	1,180	21,665,548	2,700	-	-	8,442	5,400	21,683,270	-	-	47,140	47,140	47,140	
Total expenses	\$2,727,393	\$21,957,704	\$ 316,324	\$ 121,645	\$ 19,384	\$102,399	\$ 55,515	\$25,300,364	\$ 256,851	\$ 340,479	\$ 47,140	\$644,470	\$25,944,834	

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (60,514)	\$ 33,690
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	31,741	26,214
(Gain) Loss on disposal of equipment	200	-
Unrealized (gain)/loss on investments	35,688	58,138
(Increase) decrease in assets		
Pledges receivable	80,093	(74,680)
Other receivables	154	(6,962)
Prepaid expenses	(13,179)	1,857
Increase (decrease) in liabilities		
Designations due to beneficiaries	(192,763)	12,765
Accounts payable	(18,166)	26,217
Accrued expense	1,178	(1,294)
Deferred revenue	8,984	(15,003)
Net cash provided by operating activities	(126,583)	60,942
Cash Flows from Investing Activities		
Purchase of equipment	(31,239)	(36,009)
Net cash used by investing activities	(31,239)	(36,009)
Net increase in cash and cash equivalents	(157,822)	24,933
Cash and Cash Equivalents at Beginning of Year	583,429	558,496
Cash and Cash Equivalents at End of Year	\$ 425,607	\$ 583,429

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

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Way of the Piedmont, Inc. (United Way) is a not-for-profit corporation whose mission is to connect, engage, and inspire people to transform our community. United Way was formed in 1936 and is governed by a volunteer board of directors which is made up of approximately 25-34 members who serve terms ranging from one to six years. United Way of the Piedmont, Inc. is committed to compliance with United Way Worldwide Standards of Excellence.

United Way's primary fundraising efforts are through workplace campaigns and community appeals. United Way provides opportunities for people throughout Spartanburg, Cherokee, and Union counties to give of their financial resources, volunteer their time, and advocate for causes that are important to the community. All of United Way's community efforts are rooted in the established priorities of Education, Financial Stability, and Health.

Campaigns are conducted year-round to support programs primarily in the subsequent fiscal year. Campaign contributions are used to support a variety of health and human service programs and to pay United Way's operating expenses. Not-for-profit organizations may receive funding either through the Community Investment Process (CIP) or via donor designation.

Unrestricted donations to United Way are distributed throughout Spartanburg, Cherokee and Union Counties through the CIP. United Way's Community Impact agenda includes 3 priority areas in which not-for-profit organizations may submit program funding requests. Unrestricted dollars are divided among these priority areas by United Way's Community Impact Committee and the Board of Directors, based on community needs and input from United Way's donor base. Approximately one hundred volunteers participate in community investment councils to evaluate funding applications within each priority area. Information regarding the program's structure, measurable outcomes, plans for improvement, and customer feedback are key components in determining program funding levels. Each council makes a set of funding recommendations for their assigned priority area to the Community Impact Committee which in turn submits final recommendations for Board approval. Distribution of these funds are made in equal monthly payments.

Donors may choose to designate their pledges directly to any specific not-for-profit organization. United Way verifies the organization's tax-exempt status prior to disbursement. In addition, these organizations are required to provide a Patriot Act Compliance form annually. Organizations receiving payroll deduction donor-designated funds are notified by United Way in the fall following the close of the previous year's campaign. These funds are distributed from October to June. United Way of the Piedmont is required by United Way Worldwide to report and transmit cash donations to designated organizations in October, February and April of the campaign year. A final reporting and transmittal of all cash donations through the end of the fiscal year is done in July.

Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. United Way reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. The primary estimates used in the preparation of the financial statements include the collectability of pledges receivables and the allocation of functional expenses among functional categories.

Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Pledges receivable are recognized as revenue in the period the pledge is received. For the years ended June 30, 2016 and 2015, an allowance for uncollectible pledges has been reserved based on past collection results. Uncollected pledges receivables are written off after three years.

Promises to give - Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenues in the period received, which is defined as the completion of the internal audit of the campaign packages, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor choice amounts are considered to be agency transactions and thus, are exempt from recognition. However, United Way has chosen an optional presentation for the statement of activities which reports total campaign efforts, including donor choice amounts, and then subtracts the amounts raised on behalf of others, i.e., the donor choice amounts, to come to a total for contributions received as revenues.

Investments

Investments are stated at the readily determinable fair market value in accordance with the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification. All interest, dividends and realized and unrealized gains are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Financial Instruments

United Way's financial instruments consist of cash, investments, accounts receivable, accounts payable and other accrued liabilities. It is management's opinion that United Way is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair value of these financial instruments is their market value which approximates their carrying value.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

Fixed Assets

Fixed assets with estimated useful lives greater than one year and a value greater than \$500 are recorded at cost, if purchased, or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, United Way reports the support as unrestricted. Otherwise, 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 statement of activities as net assets released from restrictions.

Program Services

United Way uses contributions received from public support to fund certain programs within the organization. Those programs are:

GIVE

- *Community Investment Process* - United Way of the Piedmont's internal program utilizing volunteers and staff to allocate charitable contributions to programs provided by not for profit organizations that meet established standards.
- *Gift in Kind Center* – a program to distribute products donated by national retailers to non-profit organizations. A low-cost membership is offered to these non-profit organizations that provide assistance to the ill, needy, youth, or otherwise disadvantaged.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Program Services - continued

ADVOCATE

- *2-1-1/Information Referral* – a program designed to assist people in need by referring them to the appropriate community service organization. United Way contracts with the United Way Association of South Carolina to provide a free, 24 hour/day hotline available by dialing 2-1-1.
- *Community Education* – an educational program designed to inform area citizens about human service issues, volunteer opportunities and local resources.
- *Imagination Library* – a program that registers children up to five years old whose parents live and/or work in Spartanburg and Union Counties. Each child receives a free age appropriate book delivered by mail each month.

VOLUNTEER

- *Retired and Senior Volunteer Program* – a program in partnership with the Corporation of National and Community Service, enlists older adults and retirees to serve as volunteers in their communities.
- *Americorps VISTA* – a national service program, managed by the Corporation for National and Community Service, that works with community agencies to assist local efforts in alleviating poverty.
- *Volunteer Income Tax Assistance* – a program supported by the IRS that provides families with household income less than \$56,000 with free federal and state income tax preparation by IRS certified volunteers. Many low income families are reluctant to file income tax returns due to the preparation fees. By providing this service to them at no cost, we enable them to make good use of all the money owed to them for their hard work throughout the year.
- *Volunteer Connections* – a program to serve as a referral center for people interested in working as a volunteer in local human service organizations. Volunteers are recruited, screened and referred to appropriate community organizations that are dependent upon volunteers.

Support Services

Support services include all costs related to fund raising, public relations and management and general expenses.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (Effective 7/1/04).

Expenses included in management and general on the statement of activities represent only expenses related to management functions that are core operations of United Way and should not be allocated to programs. General and administrative expenses that represent indirect costs of program operations have been allocated among programs based upon the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (effective 7/1/2004).

Gifts in Kind and Donated Services

Gifts in kind and donated services meeting the criteria for recognition in the financial statements are reflected in the financial statements as non-cash contributions at their estimated value on the date of receipt.

In addition to the amounts recorded as revenue and expense in the financial statements, volunteers have donated significant amounts of time assisting United Way with fundraising, special projects, and provision of program services. These contributed services do not meet the criteria for recognition in the financial statements.

Income Taxes

United Way of the Piedmont, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision or liability for income tax has been included in these financial statements.

United Way has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial condition, results of operations, or cash flows. The United Way's tax returns are generally subject to examination by the Internal Revenue Service for a period of three years from the date filed.

NOTE 2 – CASH AND EQUIVALENTS

The carrying amount of United Way's cash deposits was \$425,607 and \$583,429 as June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, United Way had a bank balance of \$507,765 and \$607,445, respectively. Amounts in these accounts may exceed federally insured limits. United Way believes it is not exposed to a significant credit risk on these accounts.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2016 AND 2015

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of contribution pledges made to United Way by individuals and businesses located primarily in upstate South Carolina. Collections of net pledges are anticipated as follows:

	Pledges Receivable	Allowance for Uncollectibles	Net Pledge Receivables
2014-2015 Campaign	\$ 336,719	\$ 196,028	\$ 140,691
2015-2016 Campaign	<u>2,749,741</u>	<u>201,444</u>	<u>2,548,297</u>
Balance as of June 30, 2016	<u>\$ 3,086,460</u>	<u>\$ 397,472</u>	<u>\$ 2,688,988</u>
2013-2014 Campaign	\$ 320,059	\$ 209,339	\$ 110,720
2014-2015 Campaign	<u>2,861,755</u>	<u>203,394</u>	<u>2,658,361</u>
Balance as of June 30, 2015	<u>\$ 3,181,814</u>	<u>\$ 412,733</u>	<u>\$ 2,769,081</u>

NOTE 4 – INVESTMENTS AT SPARTANBURG COUNTY FOUNDATION

Investments at June 30, 2016 and 2015, include \$842,806 and \$878,494 respectively, held and managed by the Spartanburg County Foundation for the benefit of United Way. A variance power has not been granted by United Way to the Spartanburg County Foundation.

The Spartanburg County Foundation (the Foundation) maintains an investment pool of various mutual funds and managed accounts. The investment pool is allocated to various sub-funds, including United Way's funds, based on a percentage of ownership interest in the market value of the investment pool.

The following is a summary of activity of the changes in the fund held and managed by the Foundation for the year ended June 30, 2016:

Beginning Balance	\$ 878,494
Investment income	14,110
Unrealized depreciation in value	(41,408)
Fees	<u>(8,390)</u>
	<u>\$ 842,806</u>

The Spartanburg County Foundation's annual audited financial statements are available by contacting the Spartanburg County Foundation at 424 East Kennedy Street, Spartanburg, SC 29302, (864)582-0138.

UNITED WAY OF THE PIEDMONT, INC.
 NOTES TO FINANCIAL STATEMENTS – Continued
 JUNE 30, 2016 AND 2015

NOTE 4 – INVESTMENTS AT SPARTANBURG COUNTY FOUNDATION - Continued

For purposes of fair value measurement, United Way’s investments in the Spartanburg County Foundation’s investment pool are classified as follows at June 30, 2016:

	Fair Value Measurements		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Spartanburg County Investment Pool	\$ -	\$ 842,806	\$ -

NOTE 5 – FIXED ASSETS

Depreciation of the leasehold improvements and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

At June 30, 2016 and 2015, fixed assets consist of:

	2016	2015
Furniture and Equipment	\$ 202,092	\$ 202,003
Leasehold Improvements	44,155	31,037
	246,247	233,040
Less Accumulated Depreciation	(178,382)	(164,473)
	\$ 67,865	\$ 68,567

NOTE 6 – LOAN RECEIVABLE

In October 2013, the United Way loaned Northside Development Corporation, a not-for-profit corporation, \$104,000, which bears interest at 2% annually and matures October 11, 2018. No payments of principal or interest are due until maturity and the borrower has the option to extend the note for an additional two years.

NOTE 7 – CONTRIBUTIONS DESIGNATED BY DONORS

For the years ended June 30, 2016 and 2015, United Way of the Piedmont, Inc. received pledges and/or contributions totaling \$4,832,607 and \$4,944,960 respectively, for the 2015-2016 and the 2014-2015 campaign years. At the contributors’ option, their donation may be designated to a qualifying not-for-profit agency. When this type of designation occurs, these funds are reflected as liabilities for donor choice amounts. Gross donor choice amounts designated for future periods were \$830,740 and \$1,008,071 of the total \$4,832,607 and \$4,944,960 pledges and/or contributions received for the 2016-2016 and 2014-2015 campaign years. At June 30, 2016 and 2015, \$724,657 and \$917,420, respectively, was unpaid and recorded as a liability in the accompanying statement of financial position.

UNITED WAY OF THE PIEDMONT, INC.
 NOTES TO FINANCIAL STATEMENTS – Continued
 JUNE 30, 2016 AND 2015

NOTE 8 – FAIR VALUE MEASUREMENTS

United Way of the Piedmont’s assets and liabilities are reported at fair value in the accompanying balance sheet.

The investments at the Spartanburg County Foundation are based on fair values as determined by the Foundation and consist of mutual funds, commingled funds, certificates of deposit, partnerships, and other entities.

The carrying amount of other assets and liabilities, including cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments.

NOTE 9 – RETIREMENT PLAN

United Way has a 401(k) defined contribution plan, which covers substantially all employees with at least one year of service. United Way makes contributions equal to three percent of participants’ salary each year. United Way may also make annual matching contributions to the plan of ½ participants’ elective deferrals, subject to a maximum match of two percent. Amounts contributed to the plan in 2016 and 2015 were \$30,677 and \$28,419, respectively.

NOTE 10 – OPERATING LEASES

United Way leases office and warehouse facilities, copiers, and mailing equipment under various non-cancelable leases expiring at various times through 2016. Total lease expense for the years ended June 30, 2016 and 2015 was \$89,999 and \$85,101 respectively.

Future minimum lease payments under these non-cancelable leases are as follows:

Years Ending June 30	Amounts
2017	\$ 63,046
2018	63,124
2019	13,124
	\$ 139,294

NOTE 11 – DONATED GOODS

Beginning in September 2009, United Way started operating a warehouse that receives goods from the Wal-Mart Return Center located in Spartanburg. These goods are received and distributed to charitable agencies. The donated goods are recognized as contributions at their estimated retail value as determined by Wal-Mart at the date of donation. The amount recognized for goods received at the warehouse during the years ended June 30, 2016 and 2015 was \$20,879,023 and \$21,665,548 respectively.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2016 AND 2015

NOTE 12 – CONTINGENCIES

United Way has received proceeds from federal and local grants. Periodic audits of the grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the potential refund of any grant monies.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 10, 2016 the date which the financial statements were available for issue.

UNITED WAY OF THE PIEDMONT, INC.
 SUPPLEMENTAL SCHEDULE - FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
 FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

Campaign results and other revenue:	2016	2015
Net campaign results	\$ 3,696,457	\$ 3,711,046
Donor-designated contributions and service fees	909,432	1,096,261
Allowance for uncollectible	226,718	137,653
Total campaign results	4,832,607	4,944,960
Grant income	128,774	142,345
Investment income (loss)	(26,011)	10,606
Designation from other United Ways	65,657	64,669
Other	407,605	310,942
Service fees	54,262	55,646
Total revenue	\$ 5,462,894	\$ 5,529,168
All costs relating to fund raising and management and general	\$ 531,952	\$ 644,470
Overhead as a % of total revenue	9.7%	11.7%

This calculation is in conformity with the standard set by United Way Worldwide for measuring overhead costs.