

UNITED WAY OF SENECA COUNTY, INC.
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

UNITED WAY OF SENECA COUNTY, INC.
Audited Financial Statements

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CUDDY & WARD, LLP
Certified Public Accountants
110 GENESEE STREET -- SUITE 230
AUBURN, NEW YORK 13021
PHONE 315-253-8424 FAX 315-253-8458
www.cuddyandwardcpa.com

PAUL L. CUDDY, CPA
RICHARD D. WARD, CPA

RICHARD L. BEAUCHINE, CPA, MST
FRANK L. DEROSA, CPA, CMC

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
United Way of Seneca County, Inc.
Waterloo, New York

We have audited the accompanying financial statements of the United Way of Seneca County, Inc. as of December 31, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Seneca County, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Seneca County, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects with the audited financial statements from which it has been derived.

Respectfully submitted,

Cuddy & Ward, LLP

Cuddy & Ward, LLP
Certified Public Accountants

Auburn, NY
March 4, 2016

UNITED WAY OF SENECA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015
(With Comparative Totals at December 31, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 113,160	\$ 175,565
Pledges receivable, net of allowance	180,323	162,215
Grant receivable	10,417	5,701
Prepaid expenses	2,897	3,518
Other assets	1,000	1,000
Total current assets	307,797	347,999
 INVESTMENTS	 181,922	 181,479
 PROPERTY AND EQUIPMENT, NET	 230	 895
 TOTAL ASSETS	 \$ 489,949	 \$ 530,373
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,310	\$ 1,371
Accrued payroll and withholdings	7,119	6,108
Compensated absences	19,452	12,060
Allocations payable	97,300	98,120
Funds held for others	11,319	12,756
Total current liabilities	138,500	130,415
 NET ASSETS		
Unrestricted	73,368	114,344
Temporarily restricted	278,081	285,614
Total net assets	351,449	399,958
 TOTAL LIABILITIES AND NET ASSETS	 \$ 489,949	 \$ 530,373

See notes to financial statements and accountants' report

UNITED WAY OF SENECA COUNTY, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

(With Comparative Totals For the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
PUBLIC SUPPORT AND REVENUE				
Funds raised	\$ 8,273	\$ 267,651	\$ 275,924	\$ 318,045
Special events, net	18,186	-	18,186	15,780
Grants	129,556	-	129,556	212,995
Interest and dividends	5,085	-	5,085	10,233
Unrealized gain (loss) on investments	(3,591)	(-)	(3,591)	-
Fees	785	-	785	1,246
Miscellaneous income	4,190	-	4,190	1,303
Net assets released from restrictions	275,184	(275,184)	-	-
Total public support and revenue	<u>437,668</u>	<u>(7,533)</u>	<u>430,135</u>	<u>559,602</u>
EXPENSES				
Allocations to agencies	209,041	-	209,041	217,099
Other program services	205,257	-	205,257	257,494
Total program services	414,298	-	414,298	474,593
Management and general	48,094	-	48,094	43,535
Fundraising expenses	16,252	-	16,252	17,313
Total expenses	<u>478,644</u>	<u>-</u>	<u>478,644</u>	<u>535,441</u>
Change in net assets	(40,976)	(7,533)	(48,509)	24,161
Net assets, beginning of year	114,344	285,614	399,958	375,797
Net assets, end of year	\$ <u>73,368</u>	\$ <u>278,081</u>	\$ <u>351,449</u>	\$ <u>399,958</u>

See notes to financial statements and accountants' report

UNITED WAY OF SENECA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

(With Comparative Totals For the Year Ended December 31, 2014)

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL 2014
	Community Solutions	OASAS Grant	DFC Grant	Total Program Services	Management and General	Fund Raising	TOTAL 2015	
Salaries	\$ 62,948	\$ -	\$ 71,084	\$ 134,032	\$ 13,078	\$ 3,730	\$ 150,840	\$ 157,937
Payroll taxes	6,564	-	7,046	13,610	1,431	302	15,343	16,119
Employee benefits	8,903	-	11,872	20,775	2,140	456	23,371	24,583
Total salaries and related expenses	78,415	-	90,002	168,417	16,649	4,488	189,554	198,639
Advertising	-	630	47	677	-	3,369	4,046	7,743
Bank charges	-	-	-	-	1,676	-	1,676	3,433
Consulting	105	2,500	9,722	12,327	3,758	1,575	17,660	12,653
Depreciation	-	-	-	-	665	-	665	702
Dues and subscriptions	1,377	-	300	1,677	5,434	-	7,111	8,843
Equipment repairs and rental	-	-	1,300	1,300	1,243	-	2,543	4,343
Insurance	-	-	482	482	2,386	-	2,868	2,807
Legal and professional	583	-	3,999	4,582	3,472	24	8,078	6,200
Miscellaneous	150	-	8	158	501	-	659	1,101
Office expense	361	-	1,613	1,974	2,843	3,257	8,074	9,093
Postage	11	-	-	11	244	497	752	3,029
Printing	221	-	641	862	787	818	2,467	4,585
Program materials	-	-	3,000	3,000	-	2,224	5,224	16,954
Rent	-	-	6,000	6,000	6,000	-	12,000	14,400
Software	-	-	-	-	-	-	-	27
Telephone	-	-	2,418	2,418	2,418	-	4,836	4,704
Training	-	-	-	-	-	-	-	2,924
Travel	85	-	1,287	1,372	18	-	1,390	16,162
TOTAL EXPENSES	\$ 81,308	\$ 3,130	\$ 120,819	\$ 205,257	\$ 48,094	\$ 16,252	\$ 269,603	\$ 318,342

See notes to financial statements and accountants' report

UNITED WAY OF SENECA COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(With Comparative Totals For the Year Ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (48,509)	\$ 24,161
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	665	702
Unrealized loss (gain) on investments	3,591	(7,242)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(18,108)	7,030
Refundable tax credit	-	1,404
Grant receivable	(4,716)	11,956
Prepaid expenses	3,494	(1,195)
Increase (decrease) in:		
Accounts payable	1,939	(5,116)
Accrued payroll and withholdings	1,011	435
Compensated absences	7,392	(1,359)
Deferred grant revenue	-	(7,098)
Allocations payable	(820)	(1,555)
Funds held for others	(12,278)	(205)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(66,339)</u>	 <u>21,918</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(4,034)	(3,747)
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(4,034)</u>	 <u>(3,747)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 <u>(70,373)</u>	 <u>18,171</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>175,565</u>	<u>157,394</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 105,192</u>	<u>\$ 175,565</u>
 SUPPLEMENTAL DISCLOSURES		
Interest paid, cash basis	\$ <u> -</u>	\$ <u> -</u>
Taxes paid, cash basis	\$ <u> -</u>	\$ <u> -</u>

See notes to financial statements and accountants' report

UNITED WAY OF SENECA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Seneca County, Inc. (the "Agency") is a not-for-profit fund raising, fund distribution and community service agency. The mission of the Agency is to effectively mobilize the caring power of the community to help people improve their lives. The Agency raises funds on an annual basis through employee payroll deductions at the workplace, individual and corporate contributions. A volunteer Board of Directors provides governance over the Agency. The Agency is affiliated with the United Way Worldwide, an international organization.

Basis of Accounting

The financial statements of the United Way of Seneca County, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Under ASC 958, *Not-for-Profit Entities*, the Agency is required to report information regarding its financial position and activities according to separate unrestricted, temporarily restricted and permanently restricted classes of net assets. Contributions with donor or grantor restrictions that limit the use of donated assets are reported as temporarily or permanently restricted support in the statement of activities. When donor or grantor restrictions expire, temporarily restricted net assets are reclassified as unrestricted and reported in the statement of activities as net assets released from restrictions.

Net assets are reported in the statement of financial position as temporarily restricted and unrestricted, according to the intentions of donors and the board approved by laws. Temporarily restricted net assets consisted of contributions received in advance of the subsequent year campaign plus other contributions restricted to specific uses or time periods by donors. There were no permanently restricted net assets as of December 31, 2015.

Cash and cash equivalents

For the purpose of the statement of financial position and the statement of cash flows, cash and cash equivalents include deposits held at local financial institutions. The Agency maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in unrestricted net assets in the accompanying Statement of Activities. In September 2006, the Financial Accounting Standards Board ("FASB") issued ASC 820, *Fair Value Measurement*. This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The fair value of investments is disclosed in Note F to the financial statements.

Property and equipment

All acquisitions of property and equipment in excess of \$1,000, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the useful lives of the assets. Property and equipment have depreciable lives between five and twenty years.

Compensated absences

An employee of the Agency can carry up to 150% of the maximum amount of annual accrued vacation time at any one time. The maximum amount of annual vacation is dependent upon years of service with the Agency. Salary will be paid in lieu of vacation only on termination.

Allocations payable

The Agency allocates campaign pledges to other agencies on a twelve-month cycle which runs from July 1 to June 30 each year. The amount accrued in allocations payable at December 31, 2015 represents the final six months of the 2015 campaign pledges to be paid to other agencies.

Revenue recognition

ASC 958, *Not-for-Profit Entities*, requires that contributions received be recognized as revenues or gains in the period received. Such contributions include unconditional promises to give in the form of pledges. Contributions made are recognized in the period made and include unconditional promises to give in the form of allocations. Contributions receivable are expected to be collected within one year. An allowance for uncollectible accounts is recorded based on management's evaluation of the existing promises to give.

Out-of-county pledges collected by various United Way agencies on behalf of the Agency are accounted for when the cash is received since the amount of pledges are not generally disclosed to the Agency until after the end of each fiscal year. The effect of recording pledges when received rather than when made, in accordance with generally accepted accounting principles, is deemed immaterial.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based upon direct expenditures, analysis of personnel time, space and utilities for the related activities. Program expenses are categorized as either Community Building, OASAS grant, or other program services.

Advertising costs

Advertising costs are expensed as incurred and were \$4,046 and \$7,743 for the years ended December 31, 2015 and 2014, respectively.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of New York State and is exempt from income taxes under Internal Revenue Code Sec. 501(c)3. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTE B SPECIAL EVENTS

The Organization holds special fundraising events. The costs associated with the fundraising events are applied against the gross proceeds. Special events income for the year ended December 31, is as follows:

	<u>2015</u>	<u>2014</u>
Special Events Income	\$ 21,159	\$ 22,150
Less: Special Events Expenses	<u>(2,973)</u>	<u>(6,370)</u>
SPECIAL EVENTS, NET	<u>\$ 18,186</u>	<u>\$ 15,780</u>

NOTE C CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of pledges receivable. The Organization's ability to collect pledges receivable may be affected by economic fluctuations in the locality. Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organization's support base. The Organization has provided for allowances for potential pledge losses and such losses have been within the Organization's expectations.

NOTE D PLEDGES RECEIVABLE

Pledges receivable are recorded at fair value and represent amounts pledged from annual fundraising campaigns that are held from August to December. The Organization provides for an allowance for uncollectible pledges based upon the revenues anticipated and historic uncollectible amounts. The allowances are reviewed periodically to determine if adequate. Allowances for uncollectible pledges were based on historical data as well as current economic data. Pledges receivable and allowances for uncollectible amounts at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Gross pledges receivable	\$ 190,323	\$ 172,215
Less: allowance for uncollectible pledges	<u>(10,000)</u>	<u>(10,000)</u>
Net pledges receivable	<u>\$ 180,323</u>	<u>\$ 162,215</u>

NOTE E INVESTMENTS

Investments are stated at fair value. The cost and market values consist of the following at December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 35,549	\$ 35,549	\$ 35,445	\$ 35,445
Equities	988	1,234	988	1,974
Mutual funds				
Intermediate-term bonds	44,475	42,872	43,340	42,895
Aggressive allocation	85,643	102,267	82,682	101,165
	<u>\$ 166,655</u>	<u>\$ 181,922</u>	<u>\$ 162,455</u>	<u>\$ 181,479</u>

NOTE E INVESTMENTS – (continued)

United Way of Seneca County, Inc. invests in mutual funds. The Organization invested in 2 mutual funds, of which 1 was below cost at December 31, 2015 and 2014. The following table shows the investments gross unrealized losses and fair value, aggregated by investment category as of December 31, 2015. Management believes the decline in market value is temporary in nature as they reflect general market conditions instead of a permanent decline in the value of the individual securities. A summary of investments as of December 31, 2015, with fair values below cost is summarized as follows:

	2015		2014	
	Fair Value	Losses	Fair Value	Losses
Mutual funds				
Intermediate-term bonds	\$ 42,872	\$ 1,603	\$ 42,895	\$ 445
Aggressive allocation	-	-	-	-
Total	\$ 42,872	\$ 1,603	\$ 42,895	\$ 445

NOTE F INVESTMENTS – FAIR VALUE MEASUREMENTS

Investments are subject to varying degrees of risk and, as such, to market value fluctuation. The Organization, in conjunction with new accounting guidance expanded the required disclosures pertaining to the methods used to determine fair values which did not have a material effect on the financial statements.

Accounting guidance established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of input used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Assets measured at fair value on a recurring basis are summarized below, by input level:

Assets	December 31, 2015		December 31, 2014	
	Level 1	Fair Value Measurements	Level 1	Fair Value Measurements
Equities	\$ 1,234	\$ 1,234	\$ 1,974	\$ 1,974
Mutual funds				
Intermediate-term bonds	42,872	42,872	42,895	42,895
Aggressive allocation	102,267	102,267	101,165	101,165
Total mutual funds	145,139	145,139	144,060	144,060
Total investments	\$ 146,373	\$ 146,373	\$ 146,034	\$ 146,034

NOTE G FIXED ASSETS

Fixed assets at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Equipment, furniture and fixtures	\$ 92,607	\$ 92,607
Less: accumulated depreciation	<u>(92,377)</u>	<u>(91,712)</u>
FIXED ASSETS, NET	\$ <u>230</u>	\$ <u>895</u>

NOTE H LEASE COMMITMENT

The Agency leases office space at its current location for a monthly rate of \$1,200. This lease expired in May 2015. The Organization is currently leasing this space on a month to month basis.

NOTE I CONCENTRATION OF REVENUE

During the years ended December 31, 2015 and 2014, the Agency received approximately 42% and 27% of its support from one donor and its employees.

NOTE J TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
2016 campaign funds	\$ 267,651	\$ -
2015 campaign funds	<u>-</u>	<u>285,614</u>
	\$ <u>267,651</u>	\$ <u>285,614</u>

NOTE K COMPARATIVE DATA

The financial information for the year ended December 31, 2014 presented for comparative purposes, is not intended to be a complete financial statement presentation. Some financial information for the year ended December 31, 2014 has been reclassified to conform to the current year presentation.

NOTE L SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 4, 2016, the date on which the financial statements were available to be issued.