

UNITED WAY OF THE GREATER
CLARKSVILLE REGION, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of the Greater Clarksville Region, Inc.
Clarksville, Tennessee

We have audited the accompanying financial statements of United Way of the Greater Clarksville Region, Inc. (the Organization) (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 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 on the previous page present fairly, in all material respects, the financial position of the Organization 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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

December 9, 2016

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

| | <u>ASSETS</u> | | <u>2016</u> | | <u>2015</u> |
|--|---------------|--------|---------------|--------|---------------|
| <u>CURRENT ASSETS</u> | | | | | |
| Cash and cash equivalents | | | | | |
| Unrestricted | | \$ | 462,906 | \$ | 462,034 |
| Restricted | | | 1,181 | | 1,111 |
| Certificates of deposit | | | 140,045 | | 137,184 |
| Pledges receivable, net - Note 3 | | | 413,826 | | 438,613 |
| Appropriation receivable - Montgomery County | | | 130,000 | | - |
| Prepaid expenses | | | 3,100 | | 2,573 |
| Total current assets | | | 1,151,058 | | 1,041,515 |
| <u>PROPERTY AND EQUIPMENT</u> | | | | | |
| Office furniture, fixtures and equipment | | | 38,945 | | 38,945 |
| Less: accumulated depreciation | | | 37,945 | | 37,345 |
| Net property and equipment | | | 1,000 | | 1,600 |
| Total assets | | \$ | 1,152,058 | \$ | 1,043,115 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | | |
| <u>CURRENT LIABILITIES</u> | | | | | |
| Allocations and designations payable | | \$ | 683,461 | \$ | 620,683 |
| Accrued expenses | | | 20,361 | | 8,166 |
| Total current liabilities | | | 703,822 | | 628,849 |
| <u>NET ASSETS</u> | | | | | |
| Unrestricted | | | 437,628 | | 412,715 |
| Temporarily restricted | | | 10,608 | | 1,551 |
| Total net assets | | | 448,236 | | 414,266 |
| Total liabilities and net assets | | \$ | 1,152,058 | \$ | 1,043,115 |

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

| | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---|--------------|---------------------------|--------------|
| <u>PUBLIC SUPPORT AND REVENUE</u> | | | |
| Gross campaign results (2016) | \$ 1,031,545 | \$ - | \$ 1,031,545 |
| Gross campaign results - Released from restriction | 1,181 | (1,181) | - |
| Total campaign results (2016) | 1,032,726 | (1,181) | 1,031,545 |
| Less: Donor designations | (126,166) | - | (126,166) |
| Less: Provision for uncollectible pledges | (62,232) | - | (62,232) |
| Net campaign revenue (2016) | 844,328 | (1,181) | 843,147 |
| Net campaign revenue (2017) | - | 10,344 | 10,344 |
| Less: Donor designations | - | (106) | (106) |
| Net campaign revenue (2017) | - | 10,238 | 10,238 |
| CFC administrative fee income | 613 | - | 613 |
| In-kind donations - Note 6 | 11,050 | - | 11,050 |
| Investment income | 5,072 | - | 5,072 |
| Sponsorship | 6,049 | - | 6,049 |
| Designated donations fee - Note 7 | 20,193 | - | 20,193 |
| Total public support and revenue | 887,305 | 9,057 | 896,362 |
| <u>PROGRAM SERVICES</u> | | | |
| Gross funds awarded/distributed | 666,712 | - | 666,712 |
| Less: Donor designations | (126,272) | - | (126,272) |
| Net funds awarded/distributed | 540,440 | - | 540,440 |
| Other program services | 211,109 | - | 211,109 |
| Total program services | 751,549 | - | 751,549 |
| <u>SUPPORTING SERVICES</u> | | | |
| Organizational administration | 41,677 | - | 41,677 |
| Fundraising | 38,228 | - | 38,228 |
| Facility | 19,888 | - | 19,888 |
| In-kind expenses | 11,050 | - | 11,050 |
| Total supporting services | 110,843 | - | 110,843 |
| Total expenses | 862,392 | - | 862,392 |
| <u>CHANGE IN NET ASSETS</u> | 24,913 | 9,057 | 33,970 |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | 412,715 | 1,551 | 414,266 |
| <u>NET ASSETS - END OF YEAR</u> | \$ 437,628 | \$ 10,608 | \$ 448,236 |

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

| | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---|--------------|---------------------------|------------|
| <u>PUBLIC SUPPORT AND REVENUE</u> | | | |
| Gross campaign results (2015) | \$ 985,214 | \$ - | \$ 985,214 |
| Gross campaign results - Released from restriction | 1,111 | (1,111) | - |
| Total campaign results (2015) | 986,325 | (1,111) | 985,214 |
| Less: Donor designations | (116,484) | - | (116,484) |
| Less: Provision for uncollectible pledges | (390) | - | (390) |
| Net campaign revenue (2015) | 869,451 | (1,111) | 868,340 |
| Net campaign revenue (2016) | - | 9,842 | 9,842 |
| Less: Donor designations | - | (8,661) | (8,661) |
| Net campaign revenue (2016) | - | 1,181 | 1,181 |
| CFC administrative fee income | 605 | - | 605 |
| In-kind donations - Note 6 | 22,619 | - | 22,619 |
| Miscellaneous income | 1,929 | - | 1,929 |
| Investment income | 2,906 | - | 2,906 |
| Sponsorship | 8,834 | - | 8,834 |
| Designated donations fee - Note 7 | 13,233 | - | 13,233 |
| Total support and revenue | 919,577 | 70 | 919,647 |
| <u>PROGRAM SERVICES</u> | | | |
| Gross funds awarded/distributed | 615,739 | - | 615,739 |
| Less: Donor designations | (125,145) | - | (125,145) |
| Net funds awarded/distributed | 490,594 | - | 490,594 |
| Other program services | 197,227 | - | 197,227 |
| Total program services | 687,821 | - | 687,821 |
| <u>SUPPORTING SERVICES</u> | | | |
| Organizational administration | 41,505 | - | 41,505 |
| Fundraising | 37,016 | - | 37,016 |
| Facility | 20,423 | - | 20,423 |
| In-kind expenses | 22,619 | - | 22,619 |
| Total supporting services | 121,563 | - | 121,563 |
| Total expenses | 809,384 | - | 809,384 |
| <u>CHANGE IN NET ASSETS</u> | 110,193 | 70 | 110,263 |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | 302,522 | 1,481 | 304,003 |
| <u>NET ASSETS - END OF YEAR</u> | \$ 412,715 | \$ 1,551 | \$ 414,266 |

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

| | PROGRAM SERVICES | SUPPORTING SERVICES | | | | | Total Supporting Services | Total |
|---------------------------------|---------------------|-------------------------------|------------------|------------------|------------------|-------------------|---------------------------|-------|
| | Allocation Services | Organizational Administration | Fund-raising | Facility | In-kind | | | |
| <u>EXPENSES</u> | | | | | | | | |
| Salaries | \$ 143,264 | \$ 7,678 | \$ 20,058 | \$ - | \$ - | \$ 27,736 | \$ 171,000 | |
| Payroll taxes | 12,714 | 680 | 1,782 | - | - | 2,462 | 15,176 | |
| Employee benefits | 28,359 | 1,520 | 3,970 | - | - | 5,490 | 33,849 | |
| Subtotal | <u>184,337</u> | <u>9,878</u> | <u>25,810</u> | <u>-</u> | <u>-</u> | <u>35,688</u> | <u>220,025</u> | |
| Dues and fees | 3,092 | 165 | 432 | - | - | 597 | 3,689 | |
| Fundraising | - | - | 9,238 | - | 10,950 | 20,188 | 20,188 | |
| Insurance | 3,058 | 165 | 429 | - | - | 594 | 3,652 | |
| Other | 2,068 | 93 | 243 | - | - | 336 | 2,404 | |
| Phone | 2,198 | 118 | 308 | - | - | 426 | 2,624 | |
| Postage | 1,615 | 86 | 226 | - | - | 312 | 1,927 | |
| Printing and publications | 3,209 | 165 | 442 | - | - | 607 | 3,816 | |
| Professional fees | - | 19,250 | - | - | - | 19,250 | 19,250 | |
| Rent | - | - | - | 14,400 | - | 14,400 | 14,400 | |
| Software upgrade | 3,735 | - | - | - | - | - | 3,735 | |
| Supplies | 1,850 | 105 | 273 | - | 100 | 478 | 2,328 | |
| Travel and meetings | 5,947 | 317 | 827 | - | - | 1,144 | 7,091 | |
| United Way fair share | - | 10,735 | - | - | - | 10,735 | 10,735 | |
| Utilities | - | - | - | 5,488 | - | 5,488 | 5,488 | |
| Subtotal | <u>26,772</u> | <u>31,199</u> | <u>12,418</u> | <u>19,888</u> | <u>11,050</u> | <u>74,555</u> | <u>101,327</u> | |
| Depreciation | - | 600 | - | - | - | 600 | 600 | |
| <u>TOTAL OPERATIONS</u> | <u>211,109</u> | <u>41,677</u> | <u>38,228</u> | <u>19,888</u> | <u>11,050</u> | <u>110,843</u> | <u>321,952</u> | |
| Gross funds awarded/distributed | 666,712 | - | - | - | - | - | 666,712 | |
| Less: Donor designations | (126,272) | - | - | - | - | - | (126,272) | |
| <u>TOTAL EXPENSES</u> | <u>\$ 751,549</u> | <u>\$ 41,677</u> | <u>\$ 38,228</u> | <u>\$ 19,888</u> | <u>\$ 11,050</u> | <u>\$ 110,843</u> | <u>\$ 862,392</u> | |

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

| | PROGRAM SERVICES | SUPPORTING SERVICES | | | | | Total |
|---------------------------------|---------------------|-------------------------------|------------------|------------------|------------------|---------------------|-------------------|
| | Allocation Services | Organizational Administration | Fund-raising | Facility | In-kind | Supporting Services | |
| <u>EXPENSES</u> | | | | | | | |
| Salaries | \$ 134,712 | \$ 7,220 | \$ 18,861 | \$ - | \$ - | \$ 26,081 | \$ 160,793 |
| Payroll taxes | 12,208 | 653 | 1,711 | - | - | 2,364 | 14,572 |
| Employee benefits | 23,958 | 1,284 | 3,354 | - | - | 4,638 | 28,596 |
| Subtotal | <u>170,878</u> | <u>9,157</u> | <u>23,926</u> | <u>-</u> | <u>-</u> | <u>33,083</u> | <u>203,961</u> |
| Dues and fees | 3,795 | 202 | 531 | - | - | 733 | 4,528 |
| Fundraising | - | - | 9,873 | - | 22,069 | 31,942 | 31,942 |
| Insurance | 2,891 | 156 | 405 | - | - | 561 | 3,452 |
| Other | 1,119 | 50 | 132 | - | - | 182 | 1,301 |
| Phone | 3,236 | 174 | 453 | - | - | 627 | 3,863 |
| Postage | 1,595 | 85 | 223 | - | - | 308 | 1,903 |
| Printing and publications | 2,683 | 138 | 370 | - | - | 508 | 3,191 |
| Professional fees | - | 18,750 | - | - | - | 18,750 | 18,750 |
| Rent | - | - | - | 14,400 | - | 14,400 | 14,400 |
| Repairs and maintenance | - | - | - | 131 | - | 131 | 131 |
| Software upgrade | 3,218 | - | - | - | 250 | 250 | 3,468 |
| Supplies | 2,065 | 117 | 304 | - | 300 | 721 | 2,786 |
| Travel and meetings | 5,747 | 306 | 799 | - | - | 1,105 | 6,852 |
| United Way fair share | - | 9,751 | - | - | - | 9,751 | 9,751 |
| Utilities | - | - | - | 5,892 | - | 5,892 | 5,892 |
| Subtotal | <u>26,349</u> | <u>29,729</u> | <u>13,090</u> | <u>20,423</u> | <u>22,619</u> | <u>85,861</u> | <u>112,210</u> |
| Depreciation | - | 2,619 | - | - | - | 2,619 | 2,619 |
| <u>TOTAL OPERATIONS</u> | <u>197,227</u> | <u>41,505</u> | <u>37,016</u> | <u>20,423</u> | <u>22,619</u> | <u>121,563</u> | <u>318,790</u> |
| Gross funds awarded/distributed | 615,739 | - | - | - | - | - | 615,739 |
| Less: Donor designations | <u>(125,145)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(125,145)</u> |
| <u>TOTAL EXPENSES</u> | <u>\$ 687,821</u> | <u>\$ 41,505</u> | <u>\$ 37,016</u> | <u>\$ 20,423</u> | <u>\$ 22,619</u> | <u>\$ 121,563</u> | <u>\$ 809,384</u> |

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

| | 2016 | 2015 |
|--|------------|------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 33,970 | \$ 110,263 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 600 | 2,619 |
| Changes in: | | |
| Pledges receivable, net | 24,787 | (29,061) |
| Appropriation receivable - Montgomery County | (130,000) | - |
| Prepaid expenses | (527) | 242 |
| Allocations and designations payable | 62,778 | 29,122 |
| Accrued expenses | 12,195 | (2,195) |
| Net cash provided by operating activities | 3,803 | 110,990 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Interest on certificates of deposit | (2,861) | (1,025) |
| Net cash used in investing activities | (2,861) | (1,025) |
| <u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u> | 942 | 109,965 |
| <u>CASH AND CASH EQUIVALENTS - BEGINNING</u> | 463,145 | 353,180 |
| <u>CASH AND CASH EQUIVALENTS - ENDING</u> | \$ 464,087 | \$ 463,145 |

During the years ended June 30, 2016 and 2015, the Organization received non-cash assistance recorded as in-kind revenue and program services totaling \$11,050 and \$22,619, respectively.

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

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

1. Summary of Significant Accounting Policies

Description of Organization

United Way of the Greater Clarksville Region, Inc. (the Organization) is a nonprofit organization established May 21, 1956. Its objective is to coordinate and cooperate in fundraising campaigns that are directed toward meeting the health and human needs of the community. The Organization is governed by a volunteer Board of Directors composed of a cross section of community and business leaders. The Organization is located in Clarksville, Tennessee.

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It has not been determined to be a private foundation and is considered by the Internal Revenue Service (IRS) to be a public charity. Accordingly, no provision for income tax has been made. However, the Organization does file information returns required by the IRS. The Organization is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2013.

Use of Estimates

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates in the near term and the variations can have a material effect on these financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Organization utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. Operating revenues and expenses include those items that increase or decrease unrestricted net assets.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental not-for-profit organizations such as the Organization. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Organization to distinguish among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

Unrestricted

Unrestricted net assets are free of grant-imposed or donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by grantors or donors are included in this classification. All expenditures are reported in the unrestricted class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (Cont'd)

Basis of Accounting (Cont'd)

Temporarily Restricted

Temporarily restricted net assets are limited as to use by grant-imposed or donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose. The Organization had temporarily restricted net assets of \$10,608 and \$1,551 at June 30, 2016 and 2015, respectively.

Permanently Restricted

Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Organization had no permanently restricted net assets at June 30, 2016 and 2015.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and pledges receivable. The Organization places its cash with federally-insured financial institutions. With respect to pledges receivable, credit risk is dispersed across a large number of contributors who are geographically concentrated in the Clarksville, Tennessee service area. Consequently, the Organization's ability to collect the pledges due from contributors is affected by economic and other conditions in this geographic area. The Organization does not require collateral with respect to pledges receivable.

Cash and Cash Equivalents

The Organization considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Restricted cash and cash equivalents are limited in use to payments for purposes described in Note 4.

Contributions, Pledges Receivable, Campaign Expenses and Program Investments

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Campaigns are conducted beginning in the first half of each fiscal year to raise support for program investments in participating agencies during the next year. Pledges receivable are recognized in the period received, with an allowance provided for estimated uncollectible pledges. The allowance for uncollectible pledges is computed based on management's estimates of current economic factors applied to gross campaign results including donor designations. Pledge receivables are expected to be collected within the campaign year.

Campaign support pledged is recognized as an increase in temporarily restricted net assets until the year of investment. All contributions are considered available for use as approved by the Board of Directors unless specifically restricted or designated by the donor. Campaign pledges designated by donors are considered to be agency-type transactions and are not included in net revenues or expenses of the Organization. Campaign expenses are recognized in the period incurred.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (Cont'd)

Contributions, Pledges Receivable, Campaign Expenses and Program Investments (Cont'd)

Program investments in partner agencies are recognized as program service expenses in the period approved by the Board of Directors and corresponding to the period of the release of time restrictions for related campaign pledges.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at historical cost or, if contributed, at estimated fair values at the date of receipt. Property and equipment acquired with a unit cost of \$2,500 or greater and a useful life of more than one year are capitalized. Expenditures for additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Capitalized assets are depreciated over their estimated useful lives using the straight line method.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time toward the annual campaign and the various community activities that support the Organization's programs. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Codification 958-605-50-1 have not been satisfied. Donated property, professional services and other in-kind contributions are recognized in the financial statements at fair value when received.

Advertising Costs

Advertising costs are expensed as incurred and are included in the fundraising line item. The Organization incurred advertising costs of \$15,292 and \$26,650 during the years ended June 30, 2016 and 2015, respectively.

Date of Management's Review

Subsequent events have been evaluated through December 9, 2016, which is the date the financial statements were available to be issued.

Change in Presentation

Certain items from the prior year may have been reclassified to conform to current year presentation.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by bank deposits of \$582,402 and \$605,935 at June 30, 2016 and 2015, respectively. Of these amounts, \$390,045 and \$388,244, respectively, was insured by the Federal Deposit Insurance Corporation, and \$192,357 and \$217,691, respectively, was uninsured at June 30, 2016 and 2015.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2016 AND 2015

3. Pledges Receivable

| | 2016 | 2015 |
|---|------------|------------|
| Current year campaign | \$ 499,848 | \$ 542,715 |
| Prior year's campaign | 80,354 | 65,085 |
| | 580,202 | 607,800 |
| Less: Allowance for uncollectible pledges | | |
| Current year campaign | 86,022 | 104,102 |
| Prior year's campaign | 80,354 | 65,085 |
| | 166,376 | 169,187 |
| Net pledges receivable | \$ 413,826 | \$ 438,613 |

The results of the next year's campaign, net of the related allowance for uncollectible pledges, less designations payable, have been included in temporarily restricted net assets on the accompanying statements of financial position, as such contributions are restricted for allocations of the future periods. All pledges receivable are due within one year.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$10,608 and \$1,551 as shown on the June 30, 2016 and 2015 statements of financial position include:

| | 2016 | 2015 |
|---|-----------|----------|
| Contributions to support allocations and operations | \$ 10,344 | \$ 9,842 |
| Less: Designations for the next year's campaign | 106 | 8,661 |
| Disaster pledges received but not expended | 370 | 370 |
| Net temporarily restricted net assets | \$ 10,608 | \$ 1,551 |

5. Board Designations

The Organization's board of directors had designated unrestricted net assets totaling \$112,794 for internal purposes as of June 30, 2015. During the year ended June 30, 2016, the board of directors released that designation.

6. In-Kind Donations

In-kind donations totaling \$11,050 and \$22,619 were recorded for fundraising related goods and professional services received during the years ended June 30, 2016 and 2015, respectively.

7. Designations

Contributors can designate recipient agencies to which their contributions will be directed. Net designated pledges from the 2016 and 2015 campaigns were \$126,166 and \$116,484, respectively. The Organization's policy is to deduct a twelve-percent administrative fee from donor designations. A ten-percent shrinkage allowance was also deducted from these designations for the years ended June 30, 2016 and 2015. These rates are based upon historical data relating to administrative expenses and uncollectible pledges.

Designations for the 2017 campaign as of June 30, 2016, were \$106.

Designations for the 2016 campaign as of June 30, 2015, were \$8,661.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2016 AND 2015

8. Lease of Building

The Organization is a party to an operating lease with the Clarksville Charitable and Educational Foundation, Inc. for the office building at 529 North Second Street. The monthly rental payment is \$1,200 and all improvements and maintenance are the responsibility of the Organization. The lease expires on January 1, 2021. Lease expense was \$14,400 for the years ended June 30, 2016 and 2015. Future minimum rental payments due under the lease are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|------------------|
| 2017 | \$ 14,400 |
| 2018 | 14,400 |
| 2019 | 14,400 |
| 2020 | 14,400 |
| 2021 | 7,200 |
| | <u>\$ 64,800</u> |

9. United Way of America

The Organization paid membership dues of \$10,735 and \$9,751 to United Way of America during the years ended June 30, 2016 and 2015, respectively.

10. Retirement Plan

The Organization sponsors a defined contribution 401(k) plan covering all full-time employees. Mutual of America serves as trustee of the plan which became effective June 1, 2007. After twelve months of employment, the Organization provides an annual discretionary contribution of 2.5% and a matching contribution up to 5% of each covered employee's salary. Contributions totaled \$12,563 and \$11,515 for the years ended June 30, 2016 and 2015, respectively. Employee contributions totaled \$8,375 and \$7,568 for the years ended June 30, 2016 and 2015, respectively.

11. Risk Management

The Organization is exposed to various risks of loss including, but not limited to, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has elected to obtain various insurance policies to transfer risk to commercial insurance companies. There were no insurance claims during the audit periods.