

**UNITED WAY OF HENRY COUNTY
AND MARTINSVILLE, INC.**

FINANCIAL STATEMENTS

Year ended December 31, 2015

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UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

EXECUTIVE COMMITTEE

President	Dale Wagoner
Vice-President/Campaign Co-Chair	Tommy Hudgins
Secretary/Treasurer	Rob Gehman
Agency Relations Committee Chair	Michael Scales
Community Investment Chair	Carolyn Shough
Human Resources Chair	Glen Wood
Finance Chair	Gary Collins
Past President	Scott Prillaman
Executive Director	Tiffani Underwood

BOARD OF DIRECTORS

Term Expires in 2015

Robin Campbell	Dale Wagoner
Gary Collins	Jackie Hughes
Betsy Holsinger	James McGarry

Term Expires in 2016

Kerry Smith	Carolyn Shough
Ronnie Fultz	Jennifer Gravely
Scott Prillaman	Michael Scales
Tommy Hudgins	Rob Gehman
Pam Heath	

Term Expires in 2017

Pat Calderera	John Maxwell
Monica Hatchett	Pam Foley
Glenn Wood	Mary Nester
Brian Henderson	

MALLARD & MALLARD CPAs, LLC

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MEMBER:
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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Henry County
and Martinsville, Inc.
Martinsville, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of United Way of Henry County and Martinsville, Inc. (a nonprofit organization), which comprise the statement of financial position 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 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

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of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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 opinions.

Opinion

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

May 26, 2016

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UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015
(With Comparative Totals for 2014)

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Cash and cash equivalents	\$ 923,069	\$ 252,826	\$ 1,175,895	\$1,101,721
Unconditional promises to give (net)				
2016 campaign	-	292,784	292,784	-
2015 campaign	44,787	-	44,787	273,789
2014 campaign	-	-	-	59,128
Property and equipment (net)	<u>10,626</u>	<u>-</u>	<u>10,626</u>	<u>15,837</u>
 Total assets	 <u>\$ 978,482</u>	 <u>\$ 545,610</u>	 <u>\$ 1,524,092</u>	 <u>\$1,450,475</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Donor designations (net)	\$ 122,888	\$ -	\$ 122,888	\$ 122,421
Deferred revenue - HOPE	21,768	-	21,768	38,548
Deferred revenue - Smart Beginnings	78,932	-	78,932	88,781
Deferred revenue - Positive Youth	40,129	-	40,129	23,269
Accounts payable	1,946	-	1,946	6,216
Payroll withholding payable	<u>4,837</u>	<u>-</u>	<u>4,837</u>	<u>815</u>
 Total liabilities	 <u>270,500</u>	 <u>-</u>	 <u>270,500</u>	 <u>280,050</u>

NET ASSETS

Designated for Vision Council	474	-	474	1,974
Designated for Community Impact	369,213	-	369,213	245,248
Operating	338,295	-	338,295	348,343
Temporarily restricted	<u>-</u>	<u>545,610</u>	<u>545,610</u>	<u>574,860</u>
	<u>707,982</u>	<u>545,610</u>	<u>1,253,592</u>	<u>1,170,425</u>
 Total liabilities and net assets	 <u>\$ 978,482</u>	 <u>\$ 545,610</u>	 <u>\$ 1,524,092</u>	 <u>\$1,450,475</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2015
(With Comparative Totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Campaign applicable to current period				
Contributions collected from				
prior campaigns	\$ 68,362	\$ -	\$ 68,362	\$ 114,471
Contributions received in prior				
periods (released from restrictions)	923,704	(923,704)	-	-
Less donor designations (2014-2015)	<u>(122,421)</u>	<u>122,421</u>	<u>-</u>	<u>-</u>
Total contributions for current				
period	<u>869,645</u>	<u>(801,283)</u>	<u>68,362</u>	<u>114,471</u>
Total amount raised in campaign for				
next allocation period	-	624,682	624,682	610,202
Less donor designations	-	(122,888)	(122,888)	(122,421)
Less allowance for uncollectible	<u>-</u>	<u>(38,888)</u>	<u>(38,888)</u>	<u>(39,905)</u>
Total contributions for next				
allocation period	<u>-</u>	<u>462,906</u>	<u>462,906</u>	<u>447,876</u>
Total campaign	<u>869,645</u>	<u>(338,377)</u>	<u>531,268</u>	<u>562,347</u>
Other revenue:				
Smart Beginnings	-	169,158	169,158	189,929
Investment income	4,511	-	4,511	2,273
Special events	-	3,142	3,142	2,150
Nonprofit Leaders Network	-	7,225	7,225	7,885
Miscellaneous income	-	-	-	3,510
Administrative fees retained on				
amounts designated by donors for				
specific organizations	9,229	-	9,229	11,416
Positive Youth Development	76,760	-	76,760	81,444
Dietel grant	-	75,000	75,000	-
Helping Others Progress				
Economically Initiative	<u>-</u>	<u>54,602</u>	<u>54,602</u>	<u>52,624</u>
Total revenue	<u>90,500</u>	<u>309,127</u>	<u>399,627</u>	<u>351,231</u>
Total support and revenue	<u>960,145</u>	<u>(29,250)</u>	<u>930,895</u>	<u>913,578</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2015
(With Comparative Totals for 2014)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
EXPENSES				
Program services:				
Community services	<u>727,032</u>	<u>-</u>	<u>727,032</u>	<u>804,274</u>
Total program services	<u>727,032</u>	<u>-</u>	<u>727,032</u>	<u>804,274</u>
Supporting services:				
Management and general	59,259	-	59,259	50,273
Fund raising	<u>61,437</u>	<u>-</u>	<u>61,437</u>	<u>63,118</u>
Total supporting services (10.23% of total amounts raised and other revenue (Note 7))	<u>120,696</u>	<u>-</u>	<u>120,696</u>	<u>113,391</u>
Total expenses	<u>847,728</u>	<u>-</u>	<u>847,728</u>	<u>917,665</u>
CHANGE IN NET ASSETS	112,417	(29,250)	83,167	(4,087)
NET ASSETS, beginning of year	<u>595,565</u>	<u>574,860</u>	<u>1,170,425</u>	<u>1,174,512</u>
NET ASSETS, end of year	<u>\$ 707,982</u>	<u>\$ 545,610</u>	<u>\$ 1,253,592</u>	<u>\$ 1,170,425</u>

The accompanying notes are an integral part of this statement.

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UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2015
(With Comparative Totals for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 83,167	\$ (4,087)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	5,211	6,312
(Increase) decrease in promises to give	(4,654)	39,665
Decrease in security deposit	-	622
(Decrease) increase in deferred revenue	(9,769)	7,955
Increase in donor designations	467	44,828
Decrease in payable to agencies	-	(294)
(Decrease) increase in accounts payable	(4,270)	4,014
Increase (decrease) in payroll withholdings payable	<u>4,022</u>	<u>(5,527)</u>
Net cash provided by operating activities	<u>74,174</u>	<u>93,488</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,174	93,488
Cash and cash equivalents at beginning of year	<u>1,101,721</u>	<u>1,008,233</u>
Cash and cash equivalents at end of year	<u>\$ 1,175,895</u>	<u>\$ 1,101,721</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2015
(With Comparative Totals for 2014)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2015</u>	<u>2014</u>
	<u>Community</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>			
Salaries - executive director	\$ 23,258	\$ 11,629	\$ 23,258	\$ 58,145	\$ 55,800
Salaries - staff	19,574	18,576	12,384	50,534	57,087
Employee health and retirement benefits	8,381	5,910	6,974	21,265	17,833
Payroll taxes	<u>3,867</u>	<u>2,727</u>	<u>3,217</u>	<u>9,811</u>	<u>9,158</u>
Total salaries and related expenses	55,080	38,842	45,833	139,755	139,878
Office expense	518	259	518	1,295	935
Office equipment rental	51	26	51	128	503
Telephone	492	245	492	1,229	1,435
Dues and subscriptions	96	48	96	240	340
Postage and shipping	659	329	659	1,647	1,200
Office equipment maintenance	1,005	503	1,005	2,513	958
Campaign expenses	-	-	5,263	5,263	9,479
Local transportation and meetings	252	126	252	630	775
Travel and conferences	1,131	565	1,131	2,827	184
Professional fees	-	3,000	-	3,000	3,000
Insurance	-	2,930	-	2,930	2,600
Advertising	-	-	-	-	628
Occupancy	3,801	1,901	3,801	9,503	13,641
Website	252	127	252	631	592

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2015
(With Comparative Totals for 2014)

	<u>Program Services</u>	<u>Supporting Services</u>		2015	2014
	<u>Community</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u></u>	<u></u>	<u></u>
Positive Youth Development	76,961	-	-	76,961	76,001
Community Impact grants	133,444	-	-	133,444	43,961
Participating agency payments – matching grant	-	-	-	-	26,828
Participating agency payments - allocations	202,598	-	-	202,598	339,869
Smart Beginnings	171,924	-	-	171,924	166,120
United Way of America dues	9,157	-	-	9,157	5,417
Helping Others Progress Economically Initiative	59,073	-	-	59,073	67,530
Nonprofit Leaders Network	7,641	-	-	7,641	6,837
Miscellaneous	813	9,315	-	10,128	2,642
	724,948	58,216	59,353	842,517	911,353
Total expenses before depreciation					
Depreciation of equipment	2,084	1,043	2,084	5,211	6,312
Total expenses	\$ 727,032	\$ 59,259	\$ 61,437	\$ 847,728	\$ 917,665

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES. The United Way of Henry County and Martinsville, Inc. is a nonprofit organization which solicits funds for community health, welfare, recreational agencies, and national service organizations in a unified appeal plan.

BASIS OF ACCOUNTING. The financial statements have been prepared on the accrual basis of accounting.

CONTRIBUTIONS. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending upon existence or nature of any donor restrictions.

CASH AND CASH EQUIVALENTS. For purposes of the statement of cash flows, the United Way considers all highly liquid debt instruments including certificates of deposit to be cash equivalents.

PROMISES TO GIVE. Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

PROPERTY AND EQUIPMENT. Property and equipment is carried at cost. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method. Depreciation expense for 2015 amounted to \$5,211.

EXPENSE ALLOCATION. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 vary from the estimates that were used.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX STATUS. The United Way has been classified as an exempt organization under the Internal Revenue Code Section 501(c)(3), and therefore, is not subject to income tax.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the three years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2015 consists of the following:

Cash in office - petty cash	\$	200
BB&T - checking & savings		92,197
SunTrust Bank - checking		365,121
SunTrust Bank – money market account		127,744
Carter Bank & Trust – money market account		100,683
Certificates of deposit:		
Carter Bank & Trust		139,084
Fidelity Bank		39,595
River Community Bank		103,373
Martinsville First Savings Bank		101,641
American National Bank		<u>106,257</u>
Total cash and cash equivalents	\$	<u>1,175,895</u>

The Organization maintains cash balances at several financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015 the Organization's uninsured cash balance totaled \$250,506.

NOTE 3 - PENSION PLAN

The United Way of Henry County and Martinsville, Inc. is a participating member in the Mutual of America Pension Plan. Total contributions for the years ended December 31, 2015 were \$4,986.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2015, are as follows:

	Unrestricted	Temporarily Restricted
2016 Campaign	\$ -	\$ 330,265
2015 Campaign	46,194	-
 Total gross unconditional promises to give	 46,194	 330,265
 Less allowance for uncollectible promises to give:		
2016 Campaign	-	(37,481)
2015 Campaign	(1,407)	-
 Net unconditional promises to give at December 31, 2015	 \$ <u>44,787</u>	 \$ <u>292,784</u>
 Amounts due in:		
Less than one year	\$ 44,787	\$ 292,784
One to five years	-	-
	 \$ <u>44,787</u>	 \$ <u>292,784</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6% for the 2015 and 2014 campaigns. Known uncollectibles for the 2014 campaign of \$9,271 have been written off.

NOTE 5 – PRIOR-YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted as follows at December 31, 2015:

Smart Beginnings	\$	201,652
Dietel Grant		75,000
Agency allocations		85,803
Donor designations – net		122,888
Host Fund		1,978
Helping Others Progress Economically Initiative		51,915
Nonprofit Leaders Network		<u>6,374</u>
	\$	<u>545,610</u>

NOTE 7 – OVERHEAD RATIO

The overhead ratio is equal to fund-raising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the Gross Method recommended in “Functional Expense and Overhead Reporting Standards for United Ways,” United Way Worldwide, 2011.

Numerator:	Supporting services and general	\$	120,696
Denominator:	Total support and other revenue		930,895
	Add: amounts designated for specific agencies (not included in support and revenue)		137,152
	Less: the portion of designations retained as fee revenue		<u>(9,229)</u>
	Amounts raised and other revenue	\$	1,179,514
	Numerator/Denominator expressed as a percent		10.23%

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through May 26, 2016, the date the financial statements were available to be issued.

The Organization received \$62,579 in campaign pledges after December 31, 2015 bringing the campaign total to \$687,261.

The Organization will receive an additional \$75,000 from the Dietel Grant during calendar year 2016.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

NOTE 9 – LEASE AGREEMENT

The Organization entered into an agreement in January 2014 to lease office space. The agreement expires in December 2017.

The following is a schedule of future minimum lease payments:

For the years ending December 31:

2016	\$ 18,000
2017	<u>18,000</u>
Total minimum lease payments required	<u>\$ 36,000</u>

SUPPLEMENTARY INFORMATION

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Board of Directors
United Way of Henry County
and Martinsville, Inc.
Martinsville, Virginia

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Our examination was made for the purpose of forming an opinion on the basic financial statements of the Organization at and for the year ended December 31, 2015, taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 26, 2016

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UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

SCHEDULE OF PAYMENTS TO PARTICIPATING AGENCIES

Year ended December 31, 2015

PAYMENTS TO PARTICIPATING AGENCIES

American Red Cross	\$	41,135
Adult Day Care		16,235
Axton Life Saving Crew		2,711
Bassett Rescue Squad		4,090
Boy Scouts of America		17,152
Citizens Against Family Violence		18,333
Patrick Henry Community College		21,137
West Piedmont Workforce Investment Board		7,500
Family Y.M.C.A.		48,432
Fieldale-Collinsville Rescue Squad		3,697
FOCUS		26,667
Girl Scouts of America		5,000
Horsepasture Rescue Squad		2,437
MARC Workshop		33,333
Grace Network		44,027
Piedmont Community Services		27,381
Ridgeway Rescue Squad		1,980
Salvation Army		4,583
Stepping Stones		8,000
Boys and Girls Club		50,155
Step, Inc.		17,619
Virginia Legal Aid Society		<u>13,832</u>
Total payments to participating agencies	\$	<u>415,436</u>

The accompanying notes are an integral part of this statement.