

**United Way  
of Greater Greensboro, Inc.**

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**Financial Statements**  
Years Ended June 30, 2016 and 2015



**SMITH LEONARD**  
Accountants & Consultants



**United Way  
of Greater Greensboro, Inc.**

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**Financial Statements**  
Years Ended June 30, 2016 and 2015

# United Way of Greater Greensboro, Inc.

## 2015/2016 Officers and Board of Directors

### Officers

Aaron Strasser	-	Chair of the Board
Jason Bohrer	-	Vice Chair
M. Daniel McGinn	-	Secretary of the Board and Legal Counsel
Michelle Gethers-Clark	-	President and CEO
Jason Strange	-	Treasurer

### Board of Directors

Jason Bohrer	Dr. Harold L. Martin
Tina Akers Brown	M. Daniel McGinn
Dan Burdett	Ron Milstein
Peter T. Callahan	Richard Newman
Sue W. Cole	Brian Pierce
Mike Diamond	Kent Price
Mae Douglas	Dr. Edward A. Robinson
Angie Bullard Fox	Judith A. Schanel
Kimberly B. Gatling	Martin S. Schneider
Jeff Gauger	Susan F. Shumaker
Michelle Gethers-Clark	Pastor Lee Stokes
Regina Howard Glaspie	Gregg Strader
Robin Hager	Jason Strange
John Houghtby	Aaron Strasser
Jeff Johnson	Jane Trevey
Mark Kiel	Jim Westmoreland
Dr. Paul Leslie	Sue D. White
Kathi Lester	Dr. Terrence Young
Chris Loflin	Benjamin Zuraw
Dr. Samantha Magill	

# United Way of Greater Greensboro, Inc.

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## Independent Auditor's Report

Board of Directors and Officers  
United Way of Greater Greensboro, Inc.  
Greensboro, North Carolina

We have audited the accompanying financial statements of United Way of Greater Greensboro, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related summary of significant accounting policies and notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 Greater Greensboro, 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 accordance with accounting principles generally accepted in the United States of America.

*Smith Leonard PLLC*

High Point, North Carolina  
September 28, 2016

# United Way of Greater Greensboro, Inc.

## Statements of Financial Position

June 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 805,116	\$ 480,832
Pledges receivable, net	3,622,224	4,507,621
Other receivables	245,536	239,114
Prepaid expenses	53,841	22,554
Investments	7,466,543	8,114,265
Beneficial interest in foundation assets	2,446,570	2,458,976
Cash surrender value of life insurance (\$700,000 face value)	115,013	117,502
Land, buildings and equipment, net	875,746	807,768
<b>Total assets</b>	<b>\$ 15,630,589</b>	<b>\$ 16,748,632</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 231,564	\$ 149,168
Accrued expenses	99,144	89,748
Allocations and designations payable	6,539,390	7,540,401
<b>Total liabilities</b>	<b>6,870,098</b>	<b>7,779,317</b>
<b>Commitments</b>		
<b>Net Assets:</b>		
Unrestricted:		
Unappropriated	4,558,308	4,504,778
Board appropriated	926,155	628,600
Temporarily restricted	2,269,997	2,829,906
Permanently restricted	1,006,031	1,006,031
<b>Total net assets</b>	<b>8,760,491</b>	<b>8,969,315</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,630,589</b>	<b>\$ 16,748,632</b>

*See accompanying summary of significant accounting policies and notes to financial statements.*

# United Way of Greater Greensboro, Inc.

## Statement of Activities

Year Ended June 30, 2016

With Summarized Information for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
<b>Support and revenue</b>					
Gross campaign revenue	\$ 9,138,907	\$ 158,557	\$ -	\$ 9,297,464	\$ 9,785,216
Less donor designations	(1,918,902)	-	-	(1,918,902)	(2,921,567)
Less provision for uncollectible	(221,609)	-	-	(221,609)	(345,825)
Net current campaign revenue	6,998,396	158,557	-	7,156,953	6,517,824
Campaign revenue – prior campaign	1,930	-	-	1,930	31,509
Campaign revenue – future campaign, net	-	615,516	-	615,516	1,023,298
Net campaign revenue	7,000,326	774,073	-	7,774,399	7,572,631
Net income (loss) from investments	67,974	(1,996)	-	65,978	56,624
Net income (loss) from beneficial interest in foundation assets	(13,028)	(111,222)	-	(124,250)	3,354
Designations – other community campaigns	274,950	-	-	274,950	225,106
Grant and gift revenue	247,409	16,274	-	263,683	885,677
Other revenue	138,302	-	-	138,302	253,228
Net assets released from restrictions	1,237,038	(1,237,038)	-	-	-
<b>Total support and revenue</b>	<b>8,952,971</b>	<b>(559,909)</b>	<b>-</b>	<b>8,393,062</b>	<b>8,996,620</b>
<b>Functional expenses</b>					
Allocations and grants	5,311,127	-	-	5,311,127	5,598,005
Other community programs	1,479,248	-	-	1,479,248	1,302,207
Administration	1,081,859	-	-	1,081,859	1,130,512
Fund development	729,652	-	-	729,652	887,308
<b>Total functional expenses</b>	<b>8,601,886</b>	<b>-</b>	<b>-</b>	<b>8,601,886</b>	<b>8,918,032</b>
<b>Change in net assets</b>	<b>351,085</b>	<b>(559,909)</b>	<b>-</b>	<b>(208,824)</b>	<b>78,588</b>
<b>Net assets, beginning of year</b>	<b>5,133,378</b>	<b>2,829,906</b>	<b>1,006,031</b>	<b>8,969,315</b>	<b>8,890,727</b>
<b>Net assets, end of year</b>	<b>\$ 5,484,463</b>	<b>\$ 2,269,997</b>	<b>\$ 1,006,031</b>	<b>\$ 8,760,491</b>	<b>\$ 8,969,315</b>

*See accompanying summary of significant accounting policies and notes to financial statements.*

# United Way of Greater Greensboro, Inc.

## Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
<b>Support and revenue</b>				
Gross campaign revenue	\$ 9,117,359	\$ 667,857	\$ -	\$ 9,785,216
Less donor designations	(2,921,567)	-	-	(2,921,567)
Less provision for uncollectible	(345,825)	-	-	(345,825)
Net current campaign revenue	5,849,967	667,857	-	6,517,824
Campaign revenue – prior campaign	31,509	-	-	31,509
Campaign revenue – future campaign, net	-	1,023,298	-	1,023,298
Net campaign revenue	5,881,476	1,691,155	-	7,572,631
Net income (loss) from investments	56,724	(100)	-	56,624
Net income from beneficial interest in foundation assets	459	2,895	-	3,354
Designations – other community campaigns	225,106	-	-	225,106
Grant and gift revenue	45,118	840,559	-	885,677
Other revenue	253,228	-	-	253,228
Net assets released from restrictions	1,840,875	(1,840,875)	-	-
<b>Total support and revenue</b>	<b>8,302,986</b>	<b>693,634</b>	<b>-</b>	<b>8,996,620</b>
<b>Functional expenses</b>				
Allocations and grants	5,598,005	-	-	5,598,005
Other community programs	1,302,207	-	-	1,302,207
Administration	1,130,512	-	-	1,130,512
Fund development	887,308	-	-	887,308
<b>Total functional expenses</b>	<b>8,918,032</b>	<b>-</b>	<b>-</b>	<b>8,918,032</b>
<b>Change in net assets</b>	<b>(615,046)</b>	<b>693,634</b>	<b>-</b>	<b>78,588</b>
<b>Net assets, beginning of year</b>	<b>5,748,424</b>	<b>2,136,272</b>	<b>1,006,031</b>	<b>8,890,727</b>
<b>Net assets, end of year</b>	<b>\$ 5,133,378</b>	<b>\$ 2,829,906</b>	<b>\$ 1,006,031</b>	<b>\$ 8,969,315</b>

*See accompanying summary of significant accounting policies and notes to financial statements.*

# United Way of Greater Greensboro, Inc.

## Statements of Cash Flows

Year Ended June 30, 2016 and 2015

	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (208,824)	\$ 78,588
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for uncollectible pledges	246,834	371,437
Depreciation	74,548	72,569
Gain on disposal of equipment	-	(6,162)
Net loss (gain) on investments including change in beneficial interest	58,272	(59,978)
Funds received to be held in endowment	(206,268)	-
Changes in assets and liabilities:		
Pledges receivable	638,563	(1,164,026)
Other receivables	(6,422)	(12,769)
Prepaid expenses	(31,287)	10,510
Accounts payable and accrued expenses	91,792	49,196
Allocations and designations payable	(1,001,011)	235,589
<b>Net cash used in operating activities</b>	<b>(343,803)</b>	<b>(425,046)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(2,896,263)	(3,206,950)
Proceeds from sale of investments	3,612,452	3,642,052
Payment from Foundation	94,424	85,354
Purchase of equipment	(142,526)	(35,306)
Proceeds on disposal of equipment	-	6,357
<b>Net cash provided by investing activities</b>	<b>668,087</b>	<b>491,507</b>
<b>Net change in cash and cash equivalents</b>	<b>324,284</b>	<b>66,461</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>480,832</b>	<b>414,371</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 805,116</b>	<b>\$ 480,832</b>

See accompanying summary of significant accounting policies and notes to financial statements.

	Program Services		
	Allocations and Grants	Other Community Programs	Total
Allocations and awards	\$7,215,891	\$ 373,350	\$7,589,241
Less donor designations	(1,918,902)	-	(1,918,902)
<b>Discretionary allocations</b>	5,296,989	373,350	5,670,339
Salaries and contracted labor	9,958	726,637	736,595
Employee benefits	649	66,652	67,301
Payroll taxes	302	34,479	34,781
<b>Total salaries and related costs</b>	10,909	827,768	838,677
Support of state and national United Way	681	56,531	57,212
Professional fees	512	41,333	41,845
Fund raising materials and events	883	73,476	74,359
Depreciation	338	28,001	28,339
Occupancy	298	24,749	25,047
Printing, publications and advertising	58	11,545	11,603
Telephone and internet service	112	9,273	9,385
Rental and maintenance of equipment	81	13,691	13,772
Staff development	67	7,203	7,270
Postage and shipping	26	989	1,015
Travel	12	1,199	1,211
Membership dues and subscriptions	22	1,294	1,316
Local meetings	-	31	31
Sponsorship	13	490	503
Miscellaneous	126	8,325	8,451
<b>Total other expenses</b>	3,229	278,130	281,359
<b>Total functional expenses</b>	\$5,311,127	\$1,479,248	\$6,790,375

# United Way of Greater Greensboro, Inc.

## Statements of Functional Expenses

Year Ended June 30, 2016

Support Services			
Administration	Fund Development	Total	Total
\$ -	\$ -	\$ -	\$7,589,241
-	-	-	(1,918,902)
-	-	-	5,670,339
713,679	495,129	1,208,808	1,945,403
85,248	69,194	154,442	221,743
47,263	39,788	87,051	121,832
846,190	604,111	1,450,301	2,288,978
62,507	30,784	93,291	150,503
43,915	21,636	65,551	107,396
16,688	9,342	26,030	100,389
30,961	15,248	46,209	74,548
27,366	13,477	40,843	65,890
11,132	6,330	17,462	29,065
11,590	5,861	17,451	26,836
7,398	3,643	11,041	24,813
7,289	3,564	10,853	18,123
3,704	5,870	9,574	10,589
2,230	4,785	7,015	8,226
3,587	1,205	4,792	6,108
44	368	412	443
273	209	482	985
6,985	3,219	10,204	18,655
235,669	125,541	361,210	642,569
\$ 1,081,859	\$ 729,652	\$1,811,511	\$8,601,886

See accompanying summary of significant accounting policies and notes to financial statements.

	Program Services		
	Allocations and Grants	Other Community Programs	Total
Allocations and awards	\$8,512,118	\$ 528,388	\$ 9,040,506
Less donor designations	(2,921,567)	-	(2,921,567)
<b>Discretionary allocations</b>	5,590,551	528,388	6,118,939
Salaries and contracted labor	5,301	526,668	531,969
Employee benefits	656	69,695	70,351
Payroll taxes	388	37,662	38,050
<b>Total salaries and related costs</b>	6,345	634,025	640,370
Support of state and national United Way	361	38,728	39,089
Professional fees	44	4,792	4,836
Fund raising materials and events	101	26,056	26,157
Depreciation	193	20,677	20,870
Occupancy	175	18,694	18,869
Printing, publications and advertising	28	6,539	6,567
Telephone and internet service	60	7,682	7,742
Rental and maintenance of equipment	47	5,391	5,438
Staff development	44	7,583	7,627
Postage and shipping	30	541	571
Travel	7	1,055	1,062
Membership dues and subscriptions	17	713	730
Local meetings	2	441	443
Sponsorship	-	227	227
Miscellaneous	-	675	675
<b>Total other expenses</b>	1,109	139,794	140,903
<b>Total functional expenses</b>	\$5,598,005	\$1,302,207	\$ 6,900,212

# United Way of Greater Greensboro, Inc.

## Statements of Functional Expenses

Year Ended June 30, 2015

Support Services			
Administration	Fund Development	Total	Total
\$ -	\$ -	\$ -	\$9,040,506
-	-	-	(2,921,567)
-	-	-	6,118,939
697,401	548,851	1,246,252	1,778,221
83,030	58,543	141,573	211,924
47,519	40,742	88,261	126,311
827,950	648,136	1,476,086	2,116,456
62,422	34,406	96,828	135,917
95,256	4,209	99,465	104,301
23,185	100,736	123,921	150,078
33,328	18,370	51,698	72,568
30,132	16,608	46,740	65,609
13,456	17,226	30,682	37,249
11,027	7,347	18,374	26,116
8,136	16,037	24,173	29,611
7,817	3,315	11,132	18,759
4,290	7,804	12,094	12,665
1,812	5,254	7,066	8,128
3,575	1,074	4,649	5,379
152	627	779	1,222
906	159	1,065	1,292
7,068	6,000	13,068	13,743
302,562	239,172	541,734	682,637
\$ 1,130,512	\$ 887,308	\$2,017,820	\$8,918,032

See accompanying summary of significant accounting policies and notes to financial statements.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Organization

United Way of Greater Greensboro, Inc. (the “Organization”) is a nonprofit organization that makes investments in the community so that every individual and family can succeed. Through community partnerships, the Organization helps children and young people succeed in school and in life, offers financial stability for individuals and families and empowers all to lead a healthy life. The Organization mobilizes and unites the passion, expertise and resources of caring citizens and invests in effective programs to achieve solutions to the community's most critical issues. Together, with community and corporate partners, donors, volunteers and advocates, the Organization is focusing its work on breaking the cycle of poverty in Greater Greensboro and creating opportunities for a high quality of life for all.

### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all of or part of the income earned on related investments for general or specified purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions (i.e., the donor-imposed stipulation has been fulfilled and/or the stipulation time period has elapsed) are reported as net assets released from restrictions on the statement of activities.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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. The Organization has made various estimates including those related to the allowance for uncollectible pledges. Actual results could differ from those and other estimates.

### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Contributions and Pledges Receivable**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of the gift.

The Organization records the estimated fair value of cash or other financial assets received from donors in which the Organization is the beneficial owner, but not the legal owner.

The Organization periodically manages the distribution of non-financial assets or receives non-financial assets for distribution to other nonprofit entities. The Organization does not recognize an asset or revenue for the non-financial assets received nor liabilities or expenses for assets distributed under these arrangements.

The ability of the Organization's contributors to continue giving amounts comparable with prior years is dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

**Contributions and Pledges Receivable (Concluded)** Campaign pledge contributions receivable are generally paid within one year after the fiscal year-end. An allowance for uncollectible pledges is provided at the end of each campaign based on the Organization's collection history. The allowance is adjusted at the end of each year to reflect management's current estimates of collectability.

**Concentration of Risk** Pledges receivable are primarily from individuals, businesses or nonprofit foundations in Greensboro and surrounding areas. Generally, a concentration of credit risk is limited due to the large number of donors comprising the Organization's donor base. However, at June 30, 2016 and 2015, a single donor comprised \$375,000 and \$1,510,000 of pledges receivable.

At various times throughout the year, the Organization may have cash balances in financial institutions that exceed the amounts that are federally insured.

**Investments** Investments are recorded at fair value. Gains and losses are reported as increases or decreases in unrestricted net assets in the statement of activities unless their use is restricted by explicit donor stipulations or law, in which case they are reported as increases or decreases in temporarily or permanently restricted net assets depending upon the type of restriction. For funds managed by the Organization, the Organization's policy is to pool excess funds in investments that provide moderate to high income with moderate emphasis on long-term growth. Certain of the Organization's funds are managed by the Community Foundation of Greater Greensboro, Inc. (see Notes 3 and 4) as part of its Long-term Pool. The Community Foundation of Greater Greensboro, Inc.'s primary performance objective for investments in its Long-term Pool is to achieve a total return, net of fees, in excess of spending and inflation rates, as defined by the Consumer Price Index.

The Organization's investments are subject to market risk and are not federally insured. The Organization's investments do not have a significant concentration of credit risk within any industry, geographic location or specific institution.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Fair Value of Financial Instruments

The carrying amount of cash, pledges receivable and accounts and allocations and designations payable approximate fair value because of the short maturity of those instruments.

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value measurements of investments for which the measurement was based on net asset value (“NAV”) or its equivalent as provided by an external manager are categorized within Level 2 or Level 3 depending on the ability to redeem with the manager at the NAV as of the reporting date or within the near term.

The following are the assets measured at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments	\$ 7,466,543	\$ -	\$ -	\$ 7,466,543
Beneficial interest in foundation assets	-	-	2,446,570	2,446,570
	\$ 7,466,543	\$ -	\$ 2,446,570	\$ 9,913,113

The following are the assets measured at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments	\$ 8,114,265	\$ -	\$ -	\$ 8,114,265
Beneficial interest in foundation assets	-	-	2,458,976	2,458,976
	\$ 8,114,265	\$ -	\$ 2,458,976	\$ 10,573,241

There were no liabilities measured at fair value at June 30, 2016 and 2015.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Fair Value of Financial Instruments (Concluded)

The Organization has classified its portion of the total fair value of the underlying securities held by the Community Foundation of Greater Greensboro, Inc. (the “Foundation”) as Level 3 based on the related redemption terms that require the approval of the Board of Directors of the Foundation before the Organization may fully access its portion of Foundation assets. The underlying investment securities held by the Foundation have fair values that are generally determined using Level 1 inputs. Assets held by the Community Foundation are primarily invested in Level 1 investments including bonds, fixed income funds, equities and equity funds that have quoted prices in active markets. At June 30, 2016 and 2015, approximately 14% of Foundation assets are managed in hedge fund strategies which are not directly traded on public investment markets and where there is no readily determinable fair value for those investments; therefore, the fair values have been estimated using the NAV per share of the investments as provided by the hedge fund manager. The Organization adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the assets being carried at fair value. See Note 4 for additional details related to the beneficial interest in Foundation assets.

The changes in the investments for which the Organization has used Level 3 inputs to determine the fair values are as follows:

	2016	2015
Balance, beginning of year	\$2,458,976	\$2,540,976
Realized gains	59,784	59,945
Net unrealized loss	(184,034)	(56,591)
Appropriations	(94,424)	(85,354)
Contributions	206,268	-
Balance, end of year	\$2,446,570	\$2,458,976

### Land, Buildings and Equipment

Land, buildings and equipment acquired before January 1, 1970 are carried at their estimated original cost or donated value, net of accumulated depreciation. All subsequent additions that exceed \$500 are carried at cost, net of accumulated depreciation. Depreciation is computed over the estimated useful lives of the buildings and equipment on the straight-line method over lives that range from 3 to 40 years.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

<b>Long-lived Assets</b>	<p>Long-lived assets, such as land, buildings and equipment, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of the assets. When any such impairment exists, the related assets will be written down to fair value. No impairment charges were recorded in 2016 or 2015.</p>
<b>Allocations and Awards</b>	<p>The Organization allocates campaign funds annually to agencies serving the community. These allocations are recognized as liabilities at the time the commitments are made. In order to be eligible for the funds, these agencies must measure their results and achieve certain program outcomes that meet the Organization objectives.</p>
<b>Combined Federal Campaign Designations</b>	<p>The Organization has established policies and procedures to substantially distribute all receipts from a given company proportionally in accordance with the gross designation reports provided by administrators of the various campaigns. Distributions are made on a regular, scheduled basis using the gross designation report from each campaign as a basis for each proportionate distribution.</p> <p>United Way of Greater Greensboro, Inc. honors all federal employee designations received from the Combined Federal Campaign by distributing a proportionate share of receipts based on donor designation to each member.</p>
<b>Donated Services</b>	<p>No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance, campaign solicitations and various committee assignments.</p>
<b>Functional Allocation of Expenses</b>	<p>The costs of providing various programs are categorized on a functional basis. The majority of expenses generally can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among functions based on time and other studies, which are performed on a periodic basis. The Organization categorizes these costs as follows:</p> <p>Allocation and Grants: Activities related to agency relations and allocation processes.</p> <p>Other Community Programs: Activities related to community issues.</p>

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### **Functional Allocation of Expenses (Concluded)**

Administration: Activities that are important to the Organization's existence, but do not fit into any other functions.

Fund Development: Activities related to appeals for financial support, such as workplace campaigns, managed campaigns and leadership events.

### **Income Taxes**

The Organization is exempt from income taxes on related income as an organization described under Section 501(c)(3) of the Internal Revenue Code. No unrelated business taxable income has been identified by management. Accordingly, no provision for income taxes is included in the accompanying financial statements.

It is the Organization's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2016 and 2015. Currently, the statute of limitations remains open subsequent to and including fiscal 2013; however, no examinations are in process.

### **Subsequent Events**

Management has evaluated events occurring subsequent through September 28, 2016, the date that the financial statements were available to be issued, determining no events require adjustment to or additional disclosure in the financial statements.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

**1. Pledges Receivable and Allowances for Uncollectible Pledges**

Pledges receivable and the related allowances for uncollectible pledges are as follows:

<i>June 30,</i>	<b>2016</b>	2015
Pledges receivable from current year campaign	<b>\$ 3,993,366</b>	\$ 4,423,928
Pledges receivable for future campaigns	<b>43,603</b>	542,931
Allowance for uncollectible pledges	<b>(414,745)</b>	(459,238)
<b>Total</b>	<b>\$ 3,622,224</b>	\$ 4,507,621

The net charges to expense for uncollectible pledges consists of the following:

<i>Year ended June 30,</i>	<b>2016</b>	2015
Initial reserve (4.0% and 4.5% of campaign pledges in 2016 and 2015, respectively)	<b>\$ 390,452</b>	\$ 460,430
Write-offs from prior years' campaigns, net of collections of amounts previously written off	<b>(143,618)</b>	(88,993)
	<b>\$ 246,834</b>	\$ 371,437

Included in the statements of activities as follows:

<i>Year ended June 30,</i>	<b>2016</b>	2015
Unrestricted (current and past campaigns)	<b>\$ 221,609</b>	\$ 345,825
Temporarily restricted (future campaign)	<b>25,225</b>	25,612
	<b>\$ 246,834</b>	\$ 371,437

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 2. Investments

Investments, at fair value, consist of the following:

<u>June 30,</u>	<u>2016</u>	<u>2015</u>
Money market funds, at cost which approximates fair value	\$ 80,135	\$ 266,246
Other mutual funds (cost of \$185,820 and \$399,437)	160,922	369,843
Corporate bonds and U.S. Treasury notes (cost of \$4,396,606 and \$4,562,918)	4,385,816	4,468,694
Common stock (cost of \$2,816,473 and \$2,865,634)	2,839,670	3,009,482
<b>Totals</b>	<b>\$ 7,466,543</b>	<b>\$ 8,114,265</b>

Investment income (loss) including the return on amounts held by the Foundation (see Notes 3 and 4) consisted of the following:

<u>Year ended June 30, 2016</u>	<u>Investment Directed by</u>		<u>Total</u>
	<u>Foundation</u>	<u>Organization</u>	
Interest and dividends	\$ 59,784	\$ 297,297	\$ 357,081
Loss on investments carried at fair value	(184,034)	(231,319)	(415,353)
	\$ (124,250)	\$ 65,978	\$ (58,272)

  

<u>Year ended June 30, 2015</u>	<u>Investment Directed by</u>		<u>Total</u>
	<u>Foundation</u>	<u>Organization</u>	
Interest and dividends	\$ 59,945	\$ 289,739	\$ 349,684
Loss on investments carried at fair value	(56,591)	(233,115)	(289,706)
	\$ 3,354	\$ 56,624	\$ 59,978

### 3. Endowment Funds

The Organization's endowments are invested with the Community Foundation of Greater Greensboro, Inc. (see Note 4) or in managed accounts with other trustees at the discretion of the Board of Directors. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 3. Endowment Funds (Continued)

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund. The fair value of assets associated with individual donor-restricted endowment funds may fall below the level classified as permanently restricted. Deficiencies of this nature that are reported in unrestricted net assets amounted to \$0 as of June 30, 2016 and 2015. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization annually determines an endowment payout percentage based upon a spending policy that considers both the needs of the Organization in carrying out its charitable purposes and the objective to maintain the purchasing power of the endowment assets held in perpetuity. This payout percentage is then applied to the average fair values of the endowment funds over the preceding 12 quarters to determine the endowment distributions to be received by the Organization. A distribution of 4.00% was received for 2016 and 2015.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 3. Endowment Funds (Continued)

At June 30, 2016, endowment net assets by type of fund comprised:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 582,163	\$ -	\$ -	\$ 582,163
Donor-restricted endowment funds	-	944,530	1,006,031	1,950,561
	\$ 582,163	\$ 944,530	\$ 1,006,031	\$ 2,532,724

The following summarizes changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 404,499	\$ 1,143,714	\$ 1,006,031	\$ 2,554,244
Investment return:				
Investment income	5,213	26,223	-	31,436
Net change in value (realized and unrealized)	(18,241)	(139,441)	-	(157,682)
Total investment return	(13,028)	(113,218)	-	(126,246)
Contributions	206,268	-	-	206,268
Appropriation of endowment assets	(15,576)	(85,966)	-	(101,542)
Endowment net assets, end of year	\$ 582,163	\$ 944,530	\$ 1,006,031	\$ 2,532,724

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 3. Endowment Funds (Concluded)

At June 30, 2015, endowment net assets by type of fund comprised:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 404,499	\$ -	\$ -	\$ 404,499
Donor-restricted endowment funds	-	1,143,714	1,006,031	2,149,745
	\$ 404,499	\$ 1,143,714	\$ 1,006,031	\$ 2,554,244

The following summarizes changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 415,614	\$ 1,215,255	\$ 1,006,031	\$ 2,636,900
Investment return:				
Investment income	4,641	25,830	-	30,471
Net change in value (realized and unrealized)	(4,182)	(23,591)	-	(27,773)
Total investment return	459	2,239	-	2,698
Appropriation of endowment assets	(11,574)	(73,780)	-	(85,354)
Endowment net assets, end of year	\$ 404,499	\$ 1,143,714	\$ 1,006,031	\$ 2,554,244

The following endowment funds are categorized as temporarily restricted:

<i>June 30,</i>	2016	2015
Neil Belenky Endowment	\$ 258,041	\$ 284,347
Growth in donor-restricted funds	686,489	859,367
	\$ 944,530	\$ 1,143,714

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

4. **Beneficial Interest in Foundation Assets** The Organization is the beneficial owner of certain funds invested with the Foundation. The beneficial interest is valued at the estimated fair value the Organization's interest in pooled investment assets held by the Foundation and was \$2,446,570 and \$2,458,976 at June 30, 2016 and 2015.

5. **Land, Buildings and Equipment** Land, buildings and equipment consist of the following:

<i>June 30,</i>	<b>2016</b>	2015
Land and improvements	\$ 220,812	\$ 220,812
Buildings and improvements	1,260,755	1,192,535
Furniture and equipment	689,494	650,102
Projects in progress	2,400	14,978
	<b>2,173,461</b>	2,078,427
Less accumulated depreciation	<b>1,297,715</b>	1,270,659
Land, buildings and equipment, net	<b>\$ 875,746</b>	\$ 807,768

6. **Restricted Net Assets** Temporarily restricted net assets consist of or are available for the following purposes:

<i>June 30,</i>	<b>2016</b>	2015
Growth in donor-restricted endowment funds	\$ 686,489	\$ 859,367
Contributions received for next year's campaign (net of designations and allowances)	<b>610,516</b>	494,978
Family Success Center	<b>565,530</b>	838,506
Neil Belenky Endowment	<b>258,041</b>	284,347
Thriving at Three Educational Grant	<b>87,966</b>	239,704
211 Expansion Plan	<b>13,705</b>	10,797
Latino Professional Forum	<b>10,849</b>	10,849
Mentoring Initiative	<b>9,448</b>	58,963
Meaningful Meals Project	<b>8,741</b>	4,821
Access to Healthcare Grant	<b>7,681</b>	7,681
Ask Me Three	<b>14</b>	10,000
Other	<b>11,017</b>	9,893
	<b>\$ 2,269,997</b>	\$ 2,829,906

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

6. **Restricted Net Assets (Concluded)** Permanently restricted net assets consist of or are available for the following purposes:

<i>June 30,</i>	<b>2016</b>	2015
Joseph Bryan Endowment	\$ 500,000	\$ 500,000
Herman Cone Endowment	408,602	408,602
Jeanette Cone Trust	50,000	50,000
Lawrence Cohen Emergency Fund	47,429	47,429
	<b>\$ 1,006,031</b>	<b>\$ 1,006,031</b>

7. **Retirement Plan** The Organization sponsors a 403(b) Thrift Plan to which it contributes 3% of compensation, plus the lesser of 50% of the employee's contribution or 3% of compensation. Retirement plan contributions were approximately \$61,000 and \$64,000 during 2016 and 2015.

8. **Recent Accounting Pronouncements** In May 2015 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*. ASU No. 2015-07 removes the requirement to present investments measured at NAV within the fair value hierarchy table. Instead, an entity would be required to include those investments as a reconciling item to the total fair value amount of investments. The ASU is effective for periods beginning after December 15, 2015, with early adoption permitted. Management is currently assessing the impact this guidance will have on future financial statements.

In May 2014 the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides guidance on the recognition of revenue. The ASU, as amended, is effective for periods beginning after December 15, 2019, with no early application permitted. Management is currently assessing the impact that this guidance may have on the Organization's future financial statements.

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will generally require entities to recognize the assets and liabilities arising from operating leases in the statement of financial position. For the Organization, the ASU is effective for fiscal years beginning after December 15, 2019, with early application permitted. Management is currently assessing the impact that this guidance will have on the Organization's future financial statements.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 8. Recent Accounting Pronouncements (Concluded)

In August 2016 the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. This ASU eliminates the distinction between resources with permanent and temporary restrictions from the face of financial statements. Instead, the ASU requires presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. The update also requires enhanced disclosures for a number of areas. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, with early application of the amendments permitted. Management is currently assessing the impact of this update on the Organization's financial statements.

In August 2016 the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*. This ASU eliminates diversity in practice in how certain cash receipts and payments are presented and classified in the statement of cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently assessing the impact of this update on the Organization's financial statements.