

UNITED WAYS OF VERMONT, INC.

FINANCIAL STATEMENTS

MARCH 31, 2015

UNITED WAYS OF VERMONT, INC.

MARCH 31, 2015

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
United Ways of Vermont, Inc.
Essex Junction, Vermont

We have audited the accompanying statement of financial position of United Ways of Vermont, Inc. (a Vermont nonprofit organization) as of March 31, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from the Organization's 2014 financial statements and, in our report dated April 13, 2015, we expressed an unmodified opinion on those 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 U.S. generally accepted accounting principles; 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 misstatements, 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Ways of Vermont, Inc. as of March 31, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Tapia & Duckabau, P.C.

Vergennes, Vermont
May 16, 2016
Vermont Registration #108880

UNITED WAYS OF VERMONT, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015
(With Summarized Information for 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 70,317	\$ 1,210
Prepaid expenses and other assets	6,388	17,170
Grants and contributions receivable	49,801	231,370
Property and equipment, net of accumulated depreciation	<u>22,272</u>	<u>16,646</u>
TOTAL ASSETS	<u>\$ 148,778</u>	<u>\$ 266,396</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 37,298	\$ 32,007
Accrued expenses	31,399	39,579
Agency liability	-	4,080
Line of credit	<u>-</u>	<u>15,000</u>
Total Liabilities	<u>68,697</u>	<u>90,666</u>
Net Assets:		
Unrestricted	23,753	50,872
Temporarily restricted	56,328	124,858
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>80,081</u>	<u>175,730</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 148,778</u>	<u>\$ 266,396</u>

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015
(With Summarized Information for 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
SUPPORT AND REVENUE:				
State of Vermont contract income	\$ 434,073	\$ -	\$ 434,073	\$ -
Grants and contributions	15,704	160,435	176,139	580,737
Member dues and other support	3,745	97,659	101,404	103,920
Program service and other income	24,147	-	24,147	34,368
Net assets released from restriction	326,624	(326,624)	-	-
TOTAL SUPPORT AND REVENUE	804,293	(68,530)	735,763	719,025
EXPENSES:				
Program services	725,160	-	725,160	696,259
Supporting services:				
Management and general	99,922	-	99,922	61,965
Fundraising	6,330	-	6,330	2,178
TOTAL EXPENSES	831,412	-	831,412	760,402
CHANGE IN NET ASSETS	(27,119)	(68,530)	(95,649)	(41,377)
NET ASSETS, beginning of year	50,872	124,858	175,730	217,107
NET ASSETS, end of year	\$ 23,753	\$ 56,328	\$ 80,081	\$ 175,730

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015
(With Summarized Information for 2014)

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2015 TOTAL</u>	<u>2014 TOTAL</u>
Salaries and wages	\$ 358,971	\$ 54,559	\$ 3,990	\$ 417,520	\$ 385,704
Payroll taxes and benefits	98,769	15,012	1,098	114,879	104,042
Contracted services and professional fees	93,325	15,454	186	108,965	106,945
Advertising & printing	6,446	204	15	6,665	6,087
Dues, memberships & subscriptions	7,473	-	-	7,473	2,905
Equipment rental & maintenance	2,317	352	26	2,695	4,056
Insurance	4,489	682	50	5,221	6,162
Miscellaneous	1,861	1,425	14	3,300	3,040
Occupancy costs	29,769	4,525	331	34,625	34,153
Office supplies	7,426	1,129	83	8,638	5,061
Postage	987	150	11	1,148	1,186
Technology, software and related	52,349	3,063	278	55,690	35,698
Telephone & communications	18,919	1,107	101	20,127	20,186
Travel, conferences and meetings	30,500	263	19	30,782	39,332
Depreciation	11,559	1,757	128	13,444	5,541
Interest expense & loan fees	-	240	-	240	304
	<u>\$ 725,160</u>	<u>\$ 99,922</u>	<u>\$ 6,330</u>	<u>\$ 831,412</u>	<u>\$ 760,402</u>

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015
(With Summarized Information for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (95,649)	\$ (41,377)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	13,444	5,541
(Increase) decrease in operating assets:		
Prepaid expenses and other assets	10,782	(9,169)
Grants and contributions receivable	181,569	(22,955)
Increase in operating liabilities:		
Accounts payable	5,291	7,090
Accrued expenses	(8,180)	17,991
Agency liability	(4,080)	4,080
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>103,177</u>	<u>(38,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(19,070)</u>	<u>(5,660)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(19,070)</u>	<u>(5,660)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net advances (paydowns) on line of credit	<u>(15,000)</u>	<u>15,000</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(15,000)</u>	<u>15,000</u>
NET INCREASE (DECREASE) IN CASH	69,107	(29,459)
CASH:		
Beginning of year	<u>1,210</u>	<u>30,669</u>
End of year	\$ <u><u>70,317</u></u>	\$ <u><u>1,210</u></u>
Supplemental Disclosures:		
Interest paid	\$ 90	\$ 154

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

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

United Ways of Vermont, Inc. (“UWsVT” or “the Organization”), a non-profit, membership organization whose members are seven of the eight United Ways operating in Vermont, was incorporated in 1979 with the mission of coordinating fundraising, training and education, and planning for its members. In 2005, with funding primarily from the State of Vermont, UWsVT launched the State’s “Vermont 2-1-1” call center – a streamlined and confidential health and human services information and referral system serving all Vermont residents twenty-four hours a day, seven days a week. Vermont 2-1-1 has become UWsVT’s primary program activity.

The Organization’s support comes primarily from grants and contracts from the State of Vermont to support Vermont 2-1-1. UWsVT also receives approximately \$100,000 from its members to subsidize the program.

Financial Statement Presentation:

UWsVT reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met. UWsVT had no permanently restricted net assets at March 31, 2014 or 2015.

Cash and cash equivalents:

UWsVT has elected to treat all cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents for purposes of the Statement of Cash Flows. UWsVT had no cash equivalents at March 31, 2014 or 2015.

Reclassification:

Portions of the 2014 financial statements have been reclassified to conform to the 2015 financial statement presentation.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Comparative Financial 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended March 31, 2014 from which the summarized information was derived.

Functional Allocation of Expenses:

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

NOTE 2 - INCOME TAXES

UWsVT is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to UWsvT qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any “uncertain tax positions” that are material to the financial statements.

NOTE 3 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 4 – RETIREMENT PLAN

UWsVT sponsors a 403(b) pension plan that covers substantially all employees. (As discussed in Note 11, UWsVT employees participated in a similar 403(b) plan sponsored by United Way of Chittenden County, Inc. (“UWCC”) through August 31, 2013.) There are no minimum age or service requirements for employees to make contributions to the plan. For employees who work at least 1,000 hours per year and have met other eligibility requirements, UWsVT makes an “employer base contribution” of 3% of total compensation. For employees making their own salary deferral contributions, the Organization also makes a matching contribution up to an additional 3% of compensation. Employer contributions to the plan (including contributions by UWsVT to the UWCC plan through August 31, 2013) were \$18,998 and \$14,037 for the years ended March 31, 2015 and 2014, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	2015	2014
Leasehold improvements	\$ 9,520	\$ 9,520
Office equipment and computers	59,172	52,345
Subtotal	68,692	61,865
Less - accumulated depreciation	(46,420)	(45,219)
Net property and equipment	\$ 22,272	\$ 16,646

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$13,444 and \$5,541 for the years ended March 31, 2015 and 2014, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	5 years
Office equipment and computers	3-5 years

NOTE 6 – CONCENTRATION OF REVENUE

As discussed above, most of the Organization’s support comes from the State of Vermont to support the Vermont 2-1-1 program. Of the amounts included in total *unrestricted* support and revenue (including temporarily restricted net assets released from restriction) for the fiscal years ended March 31, 2015 and 2014, approximately \$663,000 and \$618,000 were from the State of Vermont, respectively – amounts representing approximately 82% and 81% of total unrestricted revenue, respectively.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 7 – OPERATING LEASE COMMITMENT

UWsVT rents office space under a non-cancelable lease entered into in January 2015 and ending in February 2020 (but giving the Organization the option to extend for another five years). Monthly lease payments are \$3,600 for the first year increasing each March thereafter by the increase in the consumer price index (“CPI”). Total expense under this and a previous lease was \$34,625 and \$34,153 for the years ended March 31, 2015 and 2014, respectively. Future minimum lease payments (assuming no increase in the CPI) for the years ending March 31st are as follows:

2016	\$	42,513
2017		43,200
2018		43,200
2019		43,200
2020		39,600
	\$	<u>211,713</u>

NOTE 8 – IN-KIND CONTRIBUTIONS (DONATED FACILITIES AND SERVICES)

No amounts have been reflected in the financial statements for donated facilities and services. UWsVT generally pays for services requiring specific expertise. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Organization with its program and supporting activities.

NOTE 9 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at March 31, 2015 included \$45,331 in unrestricted grants receivable (representing several state grants where UWsVT had already expended the funds) and \$4,470 in in member dues for the fiscal year ended March 31, 2015. Grants and contributions receivable at March 31, 2014 includes \$107,845 in unrestricted grants receivable (\$76,584 in state grants where UWsVT had already expended the funds and \$31,261 in member dues for the fiscal year ended March 31, 2014) and \$123,525 in temporarily restricted grants receivable representing the balance of the \$494,100 State of Vermont grant supporting Vermont 2-1-1 for the 7/1/13 – 6/30/14 program year. State of Vermont support for the Vermont 2-1-1 program was converted to a contract for the 7/1/14 – 6/30/15 program year.

Conditional promises to give at March 31, 2015 included a \$510,710, three year grant from the State of Vermont to fund the new “Help Me Grow” program and the \$28,425 unexpended balance of a \$35,000 State of Vermont “Emergency Management Performance Grant.” These grants are conditioned on satisfactory completion of certain special project milestones and other performance factors. Conditional promises to give are not recorded until the conditions are substantially fulfilled.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 10 – LINE OF CREDIT

UWsVT has a \$50,000 unsecured line of credit with a commercial bank with interest payable monthly at the prime rate plus 2.0% (5.25% at March 31, 2015) and expiring in May 2016. The balance on the line of credit was \$0 and \$15,000 as of March 31, 2015 and 2014, respectively.

NOTE 11 – AFFILIATE

Through August 31, 2013, United Way of Chittenden County, Inc. acted as the fiscal agent for United Ways of Vermont, Inc. collecting funds and paying expenses on behalf of the Organization. All of the individuals providing program services to UWsVT were employees of UWCC. UWsVT paid a fee to UWCC for the administrative services performed (\$12,350 for the fiscal year ended March 31, 2014). UWsVT ended the fiscal agency relationship (now employing its own staff and directly administering its own activities) beginning in September 2013.

UWsVT collects membership fees and Vermont 2-1-1 member support based on a percentage of the members' campaign receipts. UWCC paid membership fees (almost all of which is designated to support of the Vermont 2-1-1 program) to UWsVT of \$53,637 and \$53,754 for the fiscal years ended March 31, 2015 and 2014, respectively.

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2015 consisted of \$54,995 (including \$4,080 included in "agency liability" in the 2014 Statement of Financial Position) restricted for the United Way of Bennington County ("UWBC") and \$1,333 restricted for other programs. UWBC ceased operations several years ago and, since 2013, UWsVT has collected prior years' campaign pledges and held funds pending the resumption of United Way activities in the area. During the summer of 2015, UWsVT hired an area coordinator and is in the process of re-launching the annual campaign – operating UWBC as a program of UWsVT.

Temporarily restricted net assets at March 31, 2014 consisted of \$123,525 restricted for the core Vermont 2-1-1 program and \$1,333 restricted for other programs.

NOTE 13 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated "events" subsequent to March 31, 2015 through May 16, 2016 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.