

**UNITED WAY OF MERCED COUNTY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015,**  
**WITH COMPARATIVE TOTALS FOR 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Merced County  
Merced, California

We have audited the accompanying financial statements of United Way of Merced County, which comprise the statement of financial position as of June 30, 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.

### Auditors' 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 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 Merced County as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the United Way of Merced County's 2014 financial statements, and our report dated November 17, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moore Greider & Company*

Fresno, California  
November 18, 2015

**UNITED WAY OF MERCED COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2015 AND 2014**

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 324,060	\$ 241,309
Cash from grantor agencies	590,795	581,668
Pledges receivable, net of allowance for uncollectible of \$29,715 in 2015 and \$24,642 in 2014	169,010	225,749
Accounts receivable	93,630	55,728
Other receivables	46,488	29,844
Prepaid expenses	20,490	21,752
Cash held for others in agency capacity (Note 2)	46,123	56,030
<b>TOTAL CURRENT ASSETS</b>	<b>1,290,596</b>	<b>1,212,080</b>
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation of \$34,152 in 2015 and \$23,841 in 2014 (Note 3)	39,057	44,000
<b>OTHER ASSETS</b>		
Deposit on facility	5,000	5,000
<b>TOTAL ASSETS</b>	<b>1,334,653</b>	<b>1,261,080</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	2,969	3,718
Accrued expenses	73,032	62,418
Donor designations payable	14,570	23,714
Allocations payable	19,649	24,283
Deferred revenue (Note 4)	606,750	594,668
Due to other organizations in agency capacity (Note 2)	46,123	56,030
<b>TOTAL CURRENT LIABILITIES</b>	<b>763,093</b>	<b>764,831</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
(Notes 5 and 6)	0	0
<b>NET ASSETS</b>		
Unrestricted net assets	571,560	496,249
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,334,653</b>	<b>\$ 1,261,080</b>

See Accompanying Notes to Financial Statements

**UNITED WAY OF MERCED COUNTY**

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR 2014**

	<u>2015</u>	<u>2014</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
<b>Public Support -General Campaign</b>		
Campaign Results		
Pledges and cash donations	\$ 371,327	\$ 420,863
Donor designations to other organizations	(41,946)	(49,274)
Less estimated uncollectible pledges	<u>(61,066)</u>	<u>(47,967)</u>
<b>Total Public Support-General Campaign</b>	<u>268,315</u>	<u>323,622</u>
<b>Other Public Support</b>		
Donated materials and services	1,008	1,643
Grants	762,477	556,942
Special events net of direct expenses of \$13,318 in 2015 and \$8,077 in 2014	<u>11,657</u>	<u>4,321</u>
<b>Total Other Public Support</b>	<u>775,142</u>	<u>562,906</u>
<b>Other Revenue</b>		
Interest income	1,219	143
Sublease income	0	500
Administrative revenue	86,837	79,158
Interpreting services	702,275	638,705
Miscellaneous	<u>4,017</u>	<u>3,771</u>
<b>Total Other Revenue</b>	<u>794,348</u>	<u>722,277</u>
<b>Total Public Support and Revenue</b>	<u>1,837,805</u>	<u>1,608,805</u>
<b>DISTRIBUTIONS, ALLOCATIONS AND EXPENSES</b>		
<b>Program Services</b>		
Gross funds awarded/distributed (Note 7)	150,607	137,766
Donor designations to other organizations	<u>(41,946)</u>	<u>(49,274)</u>
Net Funds Awarded/Distributed	108,661	88,492
Program services	<u>1,395,847</u>	<u>1,128,922</u>
<b>Total Program Services</b>	<u>1,504,508</u>	<u>1,217,414</u>
<b>Supporting Services</b>		
Fundraising	40,602	31,537
Management and general	215,774	221,464
United Way of America dues	<u>5,067</u>	<u>4,683</u>
<b>Total Supporting Services</b>	261,443	257,684
Loss on disposal of equipment	<u>0</u>	<u>13,229</u>
Total Distributions, Allocations and Expenses	<u>1,765,951</u>	<u>1,488,327</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS BEFORE GAAP ADJUSTMENTS</b>		
	71,854	120,478
<b>GAAP ADJUSTMENTS (Note 1)</b>		
Capitalized equipment purchased with grant funds	4,321	0
Depreciation on capitalized equipment purchased with grant funds	<u>(864)</u>	<u>0</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	75,311	120,478
<b>UNRESTRICTED NET ASSETS - Beginning of Year</b>	<u>496,249</u>	<u>375,771</u>
<b>UNRESTRICTED NET ASSETS - End of Year</b>	<u>\$ 571,560</u>	<u>\$ 496,249</u>

See Accompanying Notes to Financial Statements

**UNITED WAY OF MERCED COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR 2014**

	Program Services	Fundraising	Management and General	United Way of America Dues	TOTALS	
					2015	2014
<b>OPERATING EXPENSES</b>						
<b>Personnel Costs:</b>						
Salaries and wages	\$ 862,678	\$ 27,266	\$ 146,801	\$ 0	\$ 1,036,745	\$ 838,361
Payroll taxes	78,340	2,782	13,009	0	94,131	80,478
Employee benefits	51,501	375	6,701	0	58,577	48,557
<b>Total Personnel Costs</b>	<u>992,519</u>	<u>30,423</u>	<u>166,511</u>	<u>0</u>	<u>1,189,453</u>	<u>967,396</u>
<b>Facility Use Costs:</b>						
Rent	41,015	1,482	6,918	0	49,415	45,697
Equipment rental	6,159	223	1,039	0	7,421	6,978
Hospitality	877	32	148	0	1,057	999
Insurance	2,034	73	343	0	2,450	2,418
Internet and related	7,741	279	1,308	0	9,328	5,921
Repairs and maintenance	3,838	139	647	0	4,624	4,694
Security services	500	18	84	0	602	611
Telephone and utilities	21,127	1,848	8,624	0	31,599	21,648
<b>Total Facility Use Costs</b>	<u>83,291</u>	<u>4,094</u>	<u>19,111</u>	<u>0</u>	<u>106,496</u>	<u>88,966</u>
<b>Other Expenses:</b>						
Advertising and promotional	10,407	2,197	0	0	12,604	8,278
Dues, fees and subscriptions	831	0	0	5,067	5,898	7,067
Insurance	1,205	44	203	0	1,452	1,455
Meetings and meals	21,914	55	0	0	21,969	23,675
Miscellaneous	19,605	44	411	0	20,060	25,245
Outside services	190,113	0	0	0	190,113	154,494
Postage, printing and brochures	26,865	916	1,724	0	29,505	26,252
Professional fees	0	0	20,846	0	20,846	19,861
Seminars and conferences	19,713	0	1,121	0	20,834	35,471
Storage	837	30	141	0	1,008	1,008
Supplies	5,274	2,289	4,190	0	11,753	9,659
Travel	15,579	201	72	0	15,852	9,286
<b>Total Other Expenses</b>	<u>312,343</u>	<u>5,776</u>	<u>28,708</u>	<u>5,067</u>	<u>351,894</u>	<u>321,751</u>
Total Expenses Before Depreciation	1,388,153	40,293	214,330	5,067	1,647,843	1,378,113
Depreciation	7,694	309	1,444	0	9,447	8,493
<b>TOTAL OPERATING EXPENSES</b>	<u>1,395,847</u>	<u>40,602</u>	<u>215,774</u>	<u>5,067</u>	<u>1,657,290</u>	<u>1,386,606</u>
Allocations and awards (Note 8)	150,607	0	0	0	150,607	137,766
Donor designations	(41,946)	0	0	0	(41,946)	(49,274)
	<u>108,661</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,661</u>	<u>88,492</u>
<b>SUBTOTAL BEFORE GAAP ADJUSTMENTS</b>	<u>1,504,508</u>	<u>40,602</u>	<u>215,774</u>	<u>5,067</u>	<u>1,765,951</u>	<u>1,475,098</u>
<b>GAAP ADJUSTMENTS (Note 1)</b>						
Capitalized equipment with grant funds	(4,321)	0	0	0	(4,321)	0
Depreciation on capitalized equipment purchased with grant funds	864	0	0	0	864	0
	<u>\$ 1,501,051</u>	<u>\$ 40,602</u>	<u>\$ 215,774</u>	<u>\$ 5,067</u>	<u>\$ 1,762,494</u>	<u>\$ 1,475,098</u>

See Accompanying Notes to Financial Statements

**UNITED WAY OF MERCED COUNTY**

**STATEMENTS OF CASH FLOWS**

**JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 75,311	\$ 120,478
Adjustment to reconcile increase in net assets to net cash provided from operating activities:		
Depreciation	10,311	8,493
Estimated uncollectible pledges	61,066	47,967
Loss on disposal of equipment	0	13,229
Changes in:		
Cash from grantor agencies	(9,127)	(36,463)
Pledges receivable	(4,327)	(74,926)
Accounts receivable	(37,902)	(55,728)
Other receivables	(16,644)	(5,215)
Prepaid expenses	1,262	3,246
Cash held for others in agency capacity	9,907	5,111
Accounts payable	(749)	(4,483)
Accrued expenses	10,614	32,365
Donor designations payable	(9,144)	6,314
Allocations payable	(4,634)	(2,587)
Deferred revenue	12,082	39,463
Due to other organizations in agency capacity	<u>(9,907)</u>	<u>(5,111)</u>
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>88,119</b>	<b>92,153</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(5,368)</u>	<u>(13,810)</u>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES</b>	<u>0</u>	<u>0</u>
<b>NET INCREASE IN CASH</b>	<b>82,751</b>	<b>78,343</b>
<b>CASH, beginning of year</b>	<u>241,309</u>	<u>162,966</u>
<b>CASH, end of year</b>	<b><u>\$ 324,060</u></b>	<b><u>\$ 241,309</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Non-cash transactions		
Donated materials and services	<b><u>\$ 1,008</u></b>	<b><u>\$ 1,643</u></b>

See Accompanying Notes to Financial Statements



**UNITED WAY OF MERCED COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and nature of activities** – United Way of Merced County (United Way) is an independent, locally managed nonprofit organization founded in 1954. As a voluntary health and welfare organization, United Way develops and allocates resources, conducts an assessment of health and human care needs of Merced County and allocates funds and facilitates the distribution of donor directed contributions to agencies to meet these needs. United Way also brings experts together to develop collaborative approaches in addressing human care issues. Approximately 15% of the Organization’s revenue and support is derived from general campaign pledges and contributions.

United Way provides administration services for several grants received from corporations, governmental agencies and other not-for-profit organizations. These grant programs further address human care issues within Merced County such as healthcare and nutritional education. Grant revenue provided approximately 42% of United Way total revenue and support for the current year.

United Way provides professional interpreting services for medical, legal and event interpretations. The Organization provides facilitation between limited English proficiency patients, their physicians, nurses, lab technicians and other health care providers. These services are fee based and provided approximately 38% of United Way total revenue.

As discussed in Note 2, United Way also provides accounting services and acts in a fiscal agency capacity for a number of small organizations in Merced County. The organizations submit applications for these services, which are reviewed and approved by the United Way Board of Directors. The organizations generally provide services to the residents of Merced County that fall within the scope of the United Way mission. Revenues from these services comprised less than 1% of total support and revenue.

**Mission statement** – To improve lives by mobilizing the caring power of the community.

The following are the significant accounting policies of the organization:

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

**Basis of presentation** – Net assets have been classified as unrestricted, temporarily restricted or permanently restricted. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. As of June 30, 2015, the Organization did not have any assets that are subject to donor restrictions that require the assets to be maintained permanently or for specific purposes.

**Pledges receivable** – Each year, from July to June, the United Way conducts annual fundraising campaigns in Merced County to raise funds for allocations to be paid to participating health and human care agencies in Merced County during the succeeding July 1 to June 30. Such public support is recorded at fair value of the pledge in the year it is received.

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Pledges receivable** (continued)

Pledges receivable are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Because of the inherent uncertainties in estimating the allowance for uncollectible accounts, it is at least reasonably possible that the estimates used will change within the near term. For the year ended June 30, 2015, all pledges receivable were due within one year.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through provision for bad debt expense based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. A June 30, 2015 and 2014, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

**Property and equipment** – The Organization capitalizes purchased property and equipment at cost and donated equipment at its fair market value at the date of donation. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years as detailed below:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Office furniture and equipment	5 to 10 years
Leasehold improvements	40 years

**Donor designations payable** – Donor organizations and individuals participating in the United Way Campaign may choose to designate all or part of their contributions to be distributed to specific charitable organizations. These transactions are reported in the statement of activities as current year campaign results and are then deducted as donor designations to arrive at net campaign revenue. Amounts so deducted are carried as liabilities until paid to the designated charitable organizations. Administration fees of up to 10% of amounts designated, subject to certain limitations, are recorded as administrative revenue in the statement of activities, and are collected through payment of a net amount to the designated charities.

**Allocations payable** – Allocations payable are promises to give to member agencies. Allocations to participating agencies are approved by the Board of Directors in March of each year for the succeeding fiscal year beginning July 1, provided that the agencies are in compliance with agency agreements. Promises to give are recognized as an expense in the period the allocations are made. For the year ended June 30, 2015, all allocations payable were due within one year.

**Restricted and unrestricted revenue** – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Restricted and unrestricted revenue** (continued)

restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Donated materials and services** – United Way records various donated materials and services. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as donated materials and services are offset by like amounts included in expenses.

For the years ended June 30, 2015 and 2014, United Way received miscellaneous items with a total fair value of \$1,008 and \$1,643, respectively.

In addition, for the year ended June 30, 2015, approximately 141 volunteers have donated over 4,843 hours to the United Way's special events, programs and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition. However, management estimates the fair value of those services to be approximately \$158,597. For the year ended June 30, 2014, approximately 320 volunteers donated over 19,000 hours with an estimated fair value of \$425,800.

**Advertising costs** – The Organization expenses advertising as incurred and totaled \$12,604 and \$8,278 in 2015 and 2014, respectively.

**Accounting estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Functional expense allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in these financial statements. Expenses have been allocated by function between program and supporting services classifications on the basis of cost allocations using actual time worked in each program and on estimates made by the Organization's management.

**Income taxes** – United Way is incorporated as a non-profit California corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination. For the years ended June 30, 2015 and 2014, interest and penalties totaled \$0.

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Income taxes** (continued)

Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

**Expiration of donor-imposed restrictions** – The expiration of a donor-imposed restriction on a contribution is recognized in the period in which restriction expires and at that time the related resources are classified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. United Way follows the policy of reporting donor-imposed restricted (designated) pledges whose restrictions are met in the same period as received as unrestricted support.

**Other support** – United Way receives other public support outside the conduct of the annual fundraising campaign. This other support includes grants and other reimbursements. Certain ceremonial, celebratory and special recognition events at United Way are underwritten by sponsorship, or the costs are offset by contributions for the specific event. Generally, the donating companies agree that their contributions may also be used for other costs related to the operation of the United Way.

**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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**GAAP adjustments** – The Statement of Activities and Statement of Functional Expenses presents financial data in conformity with generally accepted accounting principles (GAAP). Grant expenditures for equipment are expensed when incurred. However, for GAAP, such expenditures are capitalized and then depreciated over the life of the asset. To address such reporting differences the Statement of Activities and Statement of Functional Expenses includes GAAP adjustments.

**NOTE 2: AGENCY ACTIVITY**

In some instances, the Organization acts as an agent, whereby it receives assets from a donor and agrees to transfer those assets to a specified beneficiary. In those situations, the Organization is not a donee and does not record the assets as a contribution, but recognizes a liability to the specified beneficiary concurrent with its recognition of cash or other financial asset received from the donor.

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 2: AGENCY ACTIVITY (Continued)**

Pledges received from and designated to areas outside Merced County are considered to be agency funds and, therefore, are not included as contributions or expenses on the Organization's Statement of Activities.

The Organization administered such campaigns on behalf of other agencies. The Organization's agency activity includes receipts in the amount of \$55,453 and \$20,073 and disbursements of \$65,360 and \$25,184 in 2015 and 2014, respectively. United Way recognized administration fees revenue of \$1,556 and \$1,018 in 2015 and 2014, respectively. Amounts payable to other agencies totaled \$46,123 and \$50,030 at June 30, 2015 and 2014.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

	<b>2015</b>	<b>2014</b>
Office equipment and furniture	\$ 72,162	\$ 66,794
Leasehold improvements	<u>1,047</u>	<u>1,047</u>
	73,209	67,841
Less accumulated depreciation	<u>(34,152)</u>	<u>(23,841)</u>
	<b><u>\$ 39,057</u></b>	<b><u>\$ 44,000</u></b>

Depreciation expense amounted to \$10,311 and \$8,493 for the years ended June 30, 2015 and 2014, respectively.

**NOTE 4: DEFERRED REVENUE**

The Organization administers programs funded by grants received from local businesses, other not-for-profit organizations and governmental entities. Some of these grantors advance money to the Organization for services to be performed during the grant period, however grant revenue is recognized when expenses are incurred. The excess of advances received greater than expenses incurred is reported as deferred revenue, and totals \$606,750 and \$594,668 as of June 30, 2015 and 2014.

**NOTE 5: OPERATING LEASES**

**Facilities** – The Organization conducts its activities from facilities that are leased under a ninety-month noncancellable operating lease expiring in 2017. The lease contains a renewal option for an additional five-year period. The agreement provided for an optional lump sum payment of \$25,000 within the first eighteen months of the lease term in order to secure decreased monthly rental amounts. The Organization elected to pay the \$25,000 in December 2011.

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 5: OPERATING LEASES (Continued)**

Portions of the leased space are subleased to unaffiliated companies and not-for-profit organizations under various month-to-month rental agreements.

For the years ended June 30, 2015 and 2014, facility rent expense totaled \$49,415 and \$45,697 and rent income was \$0 and \$500, respectively. A security deposit for the facility totaling \$5,000 is included in deposit on facility at year end.

Future minimum rental payments due under the lease, including the optional payment are as follows:

<b>YEAR ENDING JUNE 30,</b>	<b>Base Rental Payments</b>
2016	\$ 46,241
2017	49,429
2018	<u>25,512</u>
	<b><u>\$ 121,182</u></b>

**Office Equipment** – In August 2011, the United Way entered into a noncancellable operating lease for the use of a copier expiring in July 2016. In May 2013, the United Way entered into a noncancellable operating lease for the use of a copier expiring in 2018. Future minimum lease payments due under the leases are as follow:

<b>YEAR ENDING JUNE 30,</b>	
2016	\$ 6,381
2017	3,007
2018	<u>2,475</u>
	<b><u>\$ 11,863</u></b>

Lease expense, including usage charges, for the years ended June 30, 2015 and 2014 totaled \$7,421 and \$6,978, respectively.

**NOTE 6: CONCENTRATIONS AND CONTINGENCIES**

The Organization maintains cash balances in various banks located within the same geographic region. The balances are insured by the Federal Deposit Insurance Corporation. At June 30, 2015, the uninsured portion of cash balances was \$422,044. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

Credit risk for pledges receivable is concentrated as well because substantially all of the balances are receivable from companies and individuals located within the same geographic region. The pledges receivable are uncollateralized.

**UNITED WAY OF MERCED COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 6: CONCENTRATIONS AND CONTINGENCIES (Continued)**

The United Way is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the United Way's ability to provide services and to allocate funds to its member agencies.

**NOTE 7: DISTRIBUTIONS TO THE COMMUNITY AND BENEFITING ORGANIZATIONS**

United Way's various fundraising campaigns and activities result in the following distributions to United Way member agencies and other benefiting organizations for the years ended June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Allocations determined by the Board of Directors to member agencies	\$ 69,684	\$ 75,000
Designations directed by donors	41,946	49,274
Other grants, awards or benefits	<u>38,977</u>	<u>13,492</u>
	<b><u>\$ 150,607</u></b>	<b><u>\$ 137,766</u></b>

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 18, 2015 (date financial statements available to be issued) and determined that there are no additional adjustments or disclosures required.