
Barry County United Way

Audited Financial Statements

Year Ended March 31, 2015



**McKeown
Kraai and
Phillips, PLC**

Certified Public
Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Barry County United Way
Hastings, MI 49058

We have audited the accompanying financial statements of Barry County United Way (a Michigan nonprofit corporation), which comprise the statement of financial position as of March 31, 2015, and the related statements of activities, 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 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 auditors' 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 auditors consider 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 Barry County United Way as of March 31, 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page four is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "McKeown, Kraai & Phillips". The signature is written in a cursive, flowing style.

McKeown, Kraai & Phillips, PLC
Certified Public Accountants

December 7, 2015

**Barry County United Way
Statement of Financial Position
For the Year Ended March 31, 2015**

Assets

Current assets:

Cash and cash equivalents	\$ 848,252
Grant receivable	8,137
Pledges receivable 2013/2014, net	-
Pledges receivable 2014/2015, net	<u>186,265</u>

Total current assets	<u>1,042,654</u>
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Property, furniture and equipment, net of accumulated depreciation	<u>44,716</u>
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Total Assets	<u><u>\$ 1,087,370</u></u>
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Liabilities And Net Assets

Current liabilities:

Accounts payable	\$ 2,408
Accrued liabilities	7,619
Unexpended Grant	31,956
Due to designated agencies 2014/2015	<u>31,782</u>

Total current liabilities	<u>73,765</u>
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Total liabilities	<u>73,765</u>
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Net assets

Unrestricted	611,549
Temporarily restricted	402,055
Permanently restricted	<u>-</u>

Total net assets	<u>1,013,604</u>
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Total liabilities and net assets	<u><u>\$ 1,087,369</u></u>
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The accompanying notes are an integral part of these financial statements.

**Barry County United Way
Statement of Activities
For the Year Ended March 31, 2015**

	Temporarily Permanently			Total
	Unrestricted	Restricted	Restricted	
Revenues, gains and other support				
Contributions received - prior year pledges	\$ 126,062	\$ -	\$ -	\$ 126,062
2014/2015 campaign pledges		451,953	-	451,953
Prior period campaign funds released from restriction	417,085	(417,085)	-	-
Less:				
Donor designations	(4,241)	(27,541)	-	(31,782)
Allowance for uncollectible pledges	-	(25,844)	-	(25,844)
Total campaign revenue	538,906	(18,517)	-	520,389
Grant income	66,470	172,972	-	239,442
Volunteer center	2,748	-	-	2,748
Interest income	1,532	-	-	1,532
Endowment fund income	147,237	-	-	147,237
Miscellaneous income	-	-	-	-
Grant income released from restrictions	191,752	(191,752)	-	-
Total revenues, gains and other support	948,645	(37,297)	-	911,348
Allocations and functional expenses				
Allocations				
National and state affiliation dues	6,904	-	-	6,904
Emergency assistance programs	155,518	-	-	155,518
Projects funded by board designation	432,592	-	-	432,592
Total allocations	595,014	-	-	595,014
Functional expenses				
Community investment	125,480	-	-	125,480
Volunteer center	58,429	-	-	58,429
Fundraising	30,950	-	-	30,950
Administrative	44,341	-	-	44,341
Total functional expenses	259,201	-	-	259,201
Total allocations and functional expenses	854,215	-	-	854,215
Change in net assets	94,430	(37,297)	-	57,133
Net assets at beginning of year	517,119	439,352	-	956,471
Net assets at end of year	\$ 611,549	\$ 402,055	\$ -	\$ 1,013,604

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

Barry County United Way
Statement of Functional Expenses
For the Year Ended March 31, 2015

	Program		Fundraising	Management	Total
	Community Investment	Volunteer Center	Development	Administrative	
Salaries	\$ 92,939	\$ 30,822	\$ 19,319	\$ 21,374	\$ 164,454
Payroll taxes	6,919	2,516	1,510	1,636	12,581
Employee benefits	6,670	2,426	1,455	1,577	12,128
Workers compensation insurance	-	-	-	-	-
Total salaries and related expenses	106,528	35,764	22,284	24,587	189,163
Advertising	18	17	9	-	44
Audit expense	1,170	1,080	495	1,755	4,500
Bank charges	-	-	-	1	1
Campaign expenses	2,673	2,673	2,754	-	8,100
Computer supplies	-	-	106	35	141
Conferences	(15)	-	(3)	(2)	(20)
Contracted services	(268)	-	-	-	(268)
Credit Card Charges	164	151	69	246	630
Dues and subscriptions	737	680	312	1,104	2,833
Insurance	781	721	330	1,172	3,004
Maintenance and repairs	799	738	338	1,199	3,074
Meetings	20	18	8	29	75
Office supplies	1,248	1,152	528	1,873	4,801
Other special events	-	9,654	-	-	9,654
Pension expense	6,765	3,082	1,863	2,069	13,779
Postage	448	414	672	190	1,724
Printing	113	104	48	170	435
Rent	1,622	1,498	686	2,434	6,240
Supplies	19	18	8	29	74
Telephone	2,658	665	443	664	4,430
Total expenses before depreciation	125,480	58,429	30,950	37,555	252,414
Depreciation	-	-	-	6,786	6,786
Total expenses	\$ 125,480	\$ 58,429	\$ 30,950	\$ 44,341	\$ 259,200

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

**Barry County United Way
Statement of Cash Flows
For the Year Ended March 31, 2015**

Cash flows from operating activities:

Change in net assets	\$ 57,134
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	6,786
Change in current assets and liabilities:	
Grant receivable	(5,816)
Pledges receivable	7,292
Accounts payable	(6,008)
Accrued liabilities	4,545
Unexpended Grants	31,956
Designated pledges	<u>(19,275)</u>
Net cash provided by (used by) operating activities	<u>76,614</u>

Cash flows from investing activities:

Net cash provided by (used by) investing activities	<u>-</u>
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Cash flows from financing activities:

Net cash provided by (used by) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	76,614
Cash and cash equivalents at beginning of year	<u>771,638</u>
Cash and cash equivalents at end of year	<u><u>\$ 848,252</u></u>

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

Barry County United Way
Notes to Financial Statements
March 31, 2015

Note A: Summary of Significant Accounting Policies

Background – In 1936, Mrs. Florence Groos spearheaded the formation of the Barry Community Chest, the forerunner organization of the Barry County United Way. They worked diligently on raising funds for youth programming in the Hastings School District Area. Sixteen years later this organization joined the United Way of America to form the Barry County United Way. Today, this organization, together with partner agencies was accessed over 76,000 times during the fiscal year by the residents throughout Barry County. While preparing youth to become accountable adults is still a focus of this organization, supporting families to achieve well being and success, helping seniors adults find support and maintain independence, impacting people through positive change and addressing the urgent needs of our residents are also funded areas. In 2002, the Board of the Barry County United Way adopted a new mission statement that better reflect how we are responding to our community. Our new mission is “to improve lives by mobilizing the caring power of Barry County communities”. Our vision for the Barry County United Way is to build a stronger Barry County by mobilizing our communities to improve people’s lives. To do this we will energize and inspire people to make a difference, craft human care agendas within and across our communities, build coalitions around these agendas, increase investments in these agendas by expanding and diversifying our own development efforts and supporting those of others, measure, communicate and learn from the impact of our efforts and reflect the diversity of the communities we serve.

Campaign Pledges and Appropriations – An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year’s operations. The campaign pledge period consists of the period beginning April 1 through March 31 of the following year. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at March 31, 2015 are from corporations, employees and individuals. The Organization maintains reserves for potential uncollectible pledges that, in the aggregate, have not exceeded management’s expectations. After two years, uncollected campaign pledges are written off.

Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as contribution revenue by the Organization. Both community-wide care and donor-designated pledges are shown net of an estimated allowance for uncollectible pledges.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 – Represent the Organization’s resources available for operations. The use of portions of these assets has been designated by the Board of Directors for specific purposes.

Temporarily restricted net assets - Net assets are primarily comprised of contributions raised from the annual campaign which are restricted for allocation to agencies during 2015/2016.

Barry County United Way
Notes to Financial Statements
March 31, 2015

Note A: Summary of Significant Accounting Policies (continued)

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 or part of the income earned on any related investments for general or specific purposes.

Use of Estimates – The preparation of financial statements in conformity with 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.

Cash and Cash Equivalents – The Organization considers all demand deposits in banks, cash on hand and deposits in money market funds to be cash and cash equivalents.

Property and Equipment – The Organization capitalized all expenditures for property and equipment acquisitions in excess of \$500. Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Office equipment	5 years
Computer software	5 years
Furniture and fixtures	10 years
Leasehold Improvements	20 years

During the year ended March 31, 2015, depreciation expense was \$6,786.

Recognition of Donor Restrictions – All support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. The Organization does not have any permanently restricted assets in the current year.

Contributed Services – The Organization received donated services from the community in carrying out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Functional Expenses – Expenses have been charged directly to program or general administrative categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited.

Overhead Computation – The Organization utilizes computations based on time studies by management to determine overhead.

Income Taxes – The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS generally up to three years after they are filed.

**Barry County United Way
Notes to Financial Statements
March 31, 2015**

Note B: Advertising Expenses

Barry County United Way expenses advertising cost as incurred. United Way of Barry County had advertising expenditures of \$44 during the year ended March 31, 2015.

Note C: Grants Receivable

Grants receivable represents amounts due from endowment funds at another Non-Profit Organization. The full amount is expected to be collected in the next fiscal year; therefore no allowance for doubtful accounts is required.

Note D: Pledges Receivable

Pledges receivable as of March 31, 2015, consist of the following:

Campaign pledges 2014/2015	\$	212,109	
Less:			
Allowance for uncollectible Pledges 2014/2015		(25,844)	
Net campaign pledges 2014/2015	\$	186,265	
Campaign pledges 2013/2014	\$	24,006	
Less:			
Allowance for uncollectible Pledges 2013/2014		(24,006)	
Net campaign pledges 2013/2014	\$	-	

The allowance for uncollectible pledges is calculated based on a ten year historical average for uncollectible pledges for the Barry County United Way.

Note E: Property, Furniture and Equipment

A summary of property, furniture and equipment at March 31, 2015 is as follows:

Computers	\$	6,906	
Computer software		9,325	
Equipment		4,332	
Furniture		3,505	
Leasehold improvements		50,265	
Total property, furniture and equipment		74,333	
Less: accumulated depreciation		(29,617)	
Net property, furniture and equipment	\$	44,716	

Barry County United Way
Notes to Financial Statements
March 31, 2015

Note F: Unexpended Grant

Unexpended Grant represents grant amounts received but not expensed during the year. The full amount of revenue is expected to be recognized in the next fiscal year.

Note G: Concentrations of Credit Risk

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash investments and pledges receivable. The Organization places its cash and investments with high credit quality financial institutions. Although such investments and cash balances may exceed the federally insured limits at certain times during the year, in the opinion of management, risk is minimal. Credit risk with respect to pledges is minimal and accounted for by using an allowance for uncollectible receivables that is based upon 5% of all pledges received becoming uncollectible.

Note H: Lease Agreements

The Organization leases office space under an agreement with the Barry Community Foundation that was signed April 1, 2012 and expires March 31, 2016. The lease has been classified as an operating lease.

Rental expenses for the year ended March 31, 2015 are \$6,240.

Future minimum annual rental commitments under the lease subsequent to March 31, 2015 are as follows:

<u>Year Ending</u>	<u>Amount</u>
March 31, 2016	<u>\$ 5,760</u>
Total	<u>\$ 5,760</u>

Note I: Pension Plan

The Organization has a SEP IRA plan covering all employees who have worked at least three years earning a minimum of \$460 per year. Under the plan, the Organization contributes 10% of each eligible employee's salary. Plan expenses incurred by the Organization during the year ended March 31, 2015 were \$13,779.

Barry County United Way
Notes to Financial Statements
March 31, 2015

Note J: Temporarily Restricted Net Assets

The components of net assets were as follows at March 31, 2015:

Total unrestricted	\$	611,550
Temporarily restricted		
Campaign pledges 2014/2015		402,055
 Total net assets	 \$	 <u>1,013,605</u>

Note K: Commitments

As part of the annual allocation process the Organization has committed approximately \$402,055 to be paid to various agencies in Barry County and the surrounding areas during the twelve-month period beginning April 1, 2015.

Note L: Fair Values of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents, receivables, accounts payable, accrued liabilities and due to designated agencies: The carrying amounts reported in the Statement of Financial Position approximate fair value because of the short maturities of those instruments.

The estimated fair values of the Organization’s financial instruments are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and equivalents	\$ 848,252	\$ 848,252
Grant receivable	\$ 8,137	\$ 8,137
Pledges receivable	\$ 186,265	\$ 186,265
Financial liabilities:		
Accounts payable	\$ 2,408	\$ 2,408
Accrued liabilities	\$ 7,619	\$ 7,619
Due to designated agencies	\$ 31,782	\$ 31,782

Note M: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 7, 2015 the date which the financial statements were available to be issued.

**Barry County United Way
Notes to Financial Statements
March 31, 2015**

Note N: Beneficial Interest in the Assets of Another Organization

The Florence Tyden Groos Memorial Fund was established in 2007 and is managed and held by the Barry Community Foundation. The purpose of this fund is to provide ongoing financial support for the administrative expenses of the Organization. The George Romney Fund purpose is to provide support ongoing support for the Voluntary Center serving Barry County. The Homelessness Prevention Fund purpose is to provide assistance and administration to the homeless prevention throughout Barry County. During the year ended March 31, 2015, distributions provided from the Florence Tyden Groos Memorial Fund of \$138,272, George Romney fund of \$6,662, and the Homelessness Prevention Fund of \$2,303 were used for the designated purpose. The following represents activity in the fund for the year ended March 31, 2015 and the beneficial interest in each fund by the Organization:

	Florence Tyden Groos Memorial Fund	George Romney Fund	Homelessness Prevention Fund
Total net assets at 4/1/2014	\$ 3,698,377	\$ 143,125	\$ 58,993
Contributions - nonspendable	243	92,664	10,000
Dividend & interest income	45,128	2,202	764
Capital gain - realized	(6,628)	(250)	(102)
Capital gain - unrealized	74,081	2,726	1,324
Grant expenses	(138,272)	(6,662)	(2,303)
Fund administration fee	(35,035)	(1,739)	(604)
Total net assets at 3/31/2015	<u>\$ 3,637,894</u>	<u>\$ 232,066</u>	<u>\$ 68,072</u>
 Nonspendable net assets	 <u>\$ 3,171,081</u>	 <u>\$ 206,131</u>	 <u>\$ 56,300</u>