



**United Way
of Lake County**

FINANCIAL STATEMENTS

JUNE 30, 2016

(With Summarized Comparative Financial Information
for the Year Ended June 30, 2015)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
UNITED WAY OF LAKE COUNTY, INC.

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Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Lake County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness 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 the United Way of Lake County, Inc. as of June 30, 2016 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Board of Directors
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Report on Summarized Comparative Information

We have previously audited United Way of Lake County, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2015. In our opinion, the accompanying summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Funds Awarded to Member Agencies and Others 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.

Concord, Ohio
November 14, 2016

H•J
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS:		
Cash & Cash Equivalents	\$ 469,194	\$ 747,733
Pledges Receivable	865,908	1,687,249
(Less Allowance for Uncollectible)	(115,000)	(120,000)
Prepaid Expenses and Other	7,302	10,026
Cash Surrender Value of Life Insurance	24,888	24,133
Investments	1,658,476	1,663,601
Property and Equipment, Net	<u>498,346</u>	<u>520,429</u>
 TOTAL ASSETS	 <u>\$ 3,409,114</u>	 <u>\$ 4,533,171</u>
 LIABILITIES AND NET ASSETS		
Allocations Payable	\$ 1,400,000	\$ 2,004,000
Designations Payable	44,037	45,663
Accounts Payable	386	40,580
Other Payables	3,363	4,362
Accrued Expenses	<u>21,150</u>	<u>16,981</u>
TOTAL LIABILITIES	1,468,936	2,111,586
 NET ASSETS		
Unrestricted	1,468,569	1,780,635
Temporarily Restricted	<u>471,609</u>	<u>640,950</u>
 TOTAL NET ASSETS	 <u>1,940,178</u>	 <u>2,421,585</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,409,114</u>	 <u>\$ 4,533,171</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	UNRESTRICTED	TEMPORARILY RESTRICTED	2016	2015
PUBLIC SUPPORT AND REVENUES				
Gross Campaign Results	\$ 1,966,037	\$ 85,676	\$ 2,051,713	\$ 2,969,956
Less Donor Designations	(44,037)	-	(44,037)	(45,663)
Less Provision for Uncollectible Pledges	<u>(113,314)</u>	-	<u>(113,314)</u>	<u>(141,301)</u>
Net Campaign Revenue	1,808,686	85,676	1,894,362	2,782,992
Gifts In Kind	88,966	-	88,966	48,324
Grant	9,563	-	9,563	-
Other Income	953	755	1,708	7,687
Net Assets Released from Restrictions	<u>249,750</u>	<u>(249,750)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT & REVENUES	2,157,918	(163,319)	1,994,599	2,839,003
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,525,929	-	1,525,929	2,149,219
Less Donor Designations	<u>(44,037)</u>	-	<u>(44,037)</u>	<u>(45,663)</u>
Net Funds Awarded/Distributed	1,481,892	-	1,481,892	2,103,556
Community Impact	418,239	-	418,239	461,588
Allocations & Agency Relations	<u>71,774</u>	-	<u>71,774</u>	<u>101,006</u>
Total Program Services	1,971,905	-	1,971,905	2,666,150
Supporting Services:				
Management & General	195,086	-	195,086	264,983
Resource Development	<u>308,116</u>	-	<u>308,116</u>	<u>286,347</u>
Total Supporting Services	<u>503,202</u>	-	<u>503,202</u>	<u>551,330</u>
Total Expenses	2,475,107	-	2,475,107	3,217,480
Decrease in Net Assets as a Result of Operations	(317,189)	(163,319)	(480,508)	(378,477)
NON-OPERATING ACTIVITIES				
Investment Income	90,316	23,843	114,159	127,353
Unrealized Loss on Investments	<u>(85,193)</u>	<u>(29,865)</u>	<u>(115,058)</u>	<u>(82,081)</u>
	<u>5,123</u>	<u>(6,022)</u>	<u>(899)</u>	<u>45,272</u>
CHANGE IN NET ASSETS	(312,066)	(169,341)	(481,407)	(333,205)
NET ASSETS – BEGINNING	<u>1,780,635</u>	<u>640,950</u>	<u>2,421,585</u>	<u>2,754,790</u>
NET ASSETS – ENDING	<u>\$ 1,468,569</u>	<u>\$ 471,609</u>	<u>\$ 1,940,178</u>	<u>\$ 2,421,585</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	ALLOCATIONS			MANAGEMENT & GENERAL	RESOURCE DEVELOPMENT	TOTAL	2016	2015
	COMMUNITY IMPACT	& AGENCY RELATIONS	TOTAL					
Salaries	\$ 159,787	\$ 43,782	\$ 203,569	\$ 103,303	\$ 143,120	\$ 246,423	\$ 449,992	\$ 524,381
Employee Benefits	20,434	5,726	26,160	13,753	14,974	28,727	54,887	79,582
Payroll Taxes	12,669	3,471	16,140	8,191	11,348	19,539	35,679	42,446
Donated Services	5,369	1,790	7,159	7,159	3,579	10,738	17,897	-
Outside Contractor	950	950	1,900	1,900	-	1,900	3,800	19,950
Total Personnel Cost	199,209	55,719	254,928	134,306	173,021	307,327	562,255	666,359
Gifts in Kind	69,326	-	69,326	-	1,741	1,741	71,067	48,324
Meetings & Awards	19,385	-	19,385	513	43,181	43,694	63,079	50,240
Professional & Contract Service Fees	21,711	1,692	23,403	14,493	21,067	35,560	58,963	100,608
Miscellaneous	11,387	3,008	14,395	17,110	9,289	26,399	40,794	25,254
Advertising	15,639	-	15,639	-	15,639	15,639	31,278	2,456
Food	30,980	-	30,980	-	-	-	30,980	54,046
Occupancy	12,648	3,299	15,947	7,699	3,849	11,548	27,495	33,697
Payments to United Way Worldwide	9,327	2,556	11,883	6,030	8,354	14,384	26,267	23,929
Depreciation	10,158	2,650	12,808	6,183	3,092	9,275	22,083	22,083
Media	2,831	-	2,831	-	14,593	14,593	17,424	38,971
Telephone/Email	4,622	1,267	5,889	2,988	4,140	7,128	13,017	10,970
Travel & Conferences	5,273	959	6,232	959	2,397	3,356	9,588	12,851
Postage	2,449	-	2,449	-	5,714	5,714	8,163	8,767
Insurance	1,368	375	1,743	3,930	1,226	5,156	6,899	7,778
Supplies	908	249	1,157	587	813	1,400	2,557	4,656
Dues & Subscriptions	1,018	-	1,018	288	-	288	1,306	2,935
Subtotal	\$ 418,239	\$ 71,774	490,013	\$ 195,086	\$ 308,116	503,202	993,215	1,113,924
Allocations/Awards			1,481,892			-	1,481,892	2,103,556
Total			\$ 1,971,905			\$ 503,202	\$ 2,475,107	\$ 3,217,480

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (481,407)	\$ (333,205)
Adjustments to Reconcile Change in Net Assets to Cash Used by Operating Activities:		
Depreciation	22,083	22,082
Increase (Decrease) in Allowance for Uncollectible Pledges	(5,000)	14,000
Unrealized Loss on Investments	115,058	82,081
Decrease(Increase) in Operating Assets:		
Pledges Receivable	821,341	78,953
Prepaid Expenses and Other	2,724	40,634
Increase(Decrease) in Operating Liabilities:		
Allocations Payable	(604,000)	(81,842)
Designations Payable	(1,626)	(8,502)
Accounts Payable	(40,194)	25,797
Other Payables	(999)	(5,653)
Accrued Expenses	4,169	5,972
Cash Used by Operating Activities	<u>(167,851)</u>	<u>(159,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Purchase of Investments - Net	(109,933)	(123,918)
Increase in CSV of Life Insurance	<u>(755)</u>	<u>(733)</u>
Cash Used by Investing Activities	<u>(110,688)</u>	<u>(124,651)</u>
Net Decrease in Cash	(278,539)	(284,334)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>747,733</u>	<u>1,032,067</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 469,194</u>	<u>\$ 747,733</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

1. NATURE AND SCOPE OF ACTIVITIES

United Way of Lake County, Inc. ("UWLC") is a nonprofit organization, incorporated in the state of Ohio, governed by a volunteer board of directors. UWLC is organized to provide the most effective channel through which the entire community may participate in a voluntary, cooperative effort to identify, evaluate, and support current and emerging needs in human services.

UWLC's mission is to measurably improve the quality of people's lives in Lake County.

The web address of UWLC is www.uwlc.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESCOMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain June 30, 2015 comparative amounts. Such total amounts, for June 30, 2015 only, do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with UWLC's financial statements for the year ended June 30, 2015, from which the comparative total amounts were derived. The auditor's report dated October 28, 2015 expressed an unmodified opinion on those financial statements.

BASIS OF ACCOUNTING

The financial statements of UWLC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

UWLC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

CAMPAIGN YEAR, PLEDGES AND ALLOCATION TO AGENCIES

Each year, from July to June, UWLC conducts its annual fundraising campaign. Unconditional pledges are recorded when received. Pledges are collected over a period of approximately two years from the beginning of the campaign. Final results of the campaign are used to develop an allocation to agencies that will be paid in the next period. Each April, a review process is conducted by community volunteers to determine allocation payments to agencies. In June, the Board approves the allocations and agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing twelve months.

DONOR DESIGNATIONS

Designations from donors to specific nonprofit organizations other than UWLC are deducted from gross campaign results to arrive at net contribution revenue. Similarly, gross funds awarded/distributed are reduced by donor designations.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

COMPENSATED ABSENCES

Employees of UWLC are entitled to paid vacations, sick days, and personal days off depending on job classification, length of service, and other factors. UWLC's policy is to recognize the costs of compensated absences when earned by its employees according to personnel policy.

FUNCTIONAL EXPENSES

Expenses are charged to the direct program services and supporting program services on the basis of actual time and expense and on estimates made by UWLC's management. This allocation of expenses has been summarized in the statement of activities and in the statement of functional expenses. All expenses of UWLC have been allocated on this basis.

CONCENTRATION OF CREDIT AND MARKET RISKS

Primarily all of UWLC's revenues and receivables are from businesses and individuals located in northeastern Ohio.

UWLC's cash and cash equivalents, which are deposited in financial institutions, may at times exceed federally insured limits. UWLC has not experienced losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

The cash and investment balances are in compliance with the investment policy of UWLC and are overseen by UWLC's finance committee.

CASH AND CASH EQUIVALENTS

UWLC considers all highly liquid debt instruments purchased with an original maturity of three months or less (excluding those held in brokerage accounts designated for long-term investment) to be cash equivalents. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

INVESTMENTS

UWLC records investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the statement of financial position.

PROPERTY AND EQUIPMENT

Purchased assets are stated at cost and donated assets are stated at the fair market value at the date of acquisition. Depreciation is computed on the straight-line basis over the assets' estimated useful lives (5-40 years). UWLC generally capitalizes all expenditures for property and equipment in excess of \$5,000. Repairs and maintenance are expensed as incurred.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Provision for uncollectible accounts is determined based upon historical experience adjusted by management estimates of current economic factors, applied to gross campaign, excluding donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2016 and 2015 was \$115,000 and \$120,000, respectively.

FAIR VALUE MEASUREMENTS

Accounting guidance provides a framework for measuring fair value, establishing a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and requires expanded disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Investments that are market traded, such as equity and debt securities and mutual funds, are recorded at fair value based primarily on quoted market prices, as established by the major securities markets (Level 1).

IMPAIRMENT OF ASSETS

UWLC accounts for long-lived assets in accordance with the *Accounting for Impairment of Long-Lived Assets* topic of the FASB *Accounting Standards Codification (ASC)*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

No impairment charges were recorded during the years ended June 30, 2016 and 2015.

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. At June 30, 2016 and 2015, UWLC had no permanently restricted net assets subject to donor restrictions that the contributed principal be invested in perpetuity and only the income be utilized.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are included as support once the conditions are substantially met.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

TEMPORARILY RESTRICTED NET ASSETS

When a donor 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 are reported in the statement of activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

RETIREMENT PLAN

UWLC provides for eligible staff employees to participate in a 401(k) defined contribution plan. The total employer contributions were \$14,118 and \$18,893 for the years ended June 30, 2016 and 2015, respectively.

DONATED SERVICES AND MATERIAL

Donated services that are recognized in the financial statements either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. UWLC receives a significant amount of donated services from volunteers who assist in the annual campaign, grant allocation process and special projects. No amounts have been recognized for donated services described above since they did not meet the criteria for recognition.

Contributed food in the amount of \$44,776 and \$43,280 was recognized as program expense in 2016 and 2015 and is reflected on the statement of functional expenses.

UWLC received donated program materials, advertising and printing in the amount of \$26,291 (2016) and \$5,044 (2015). UWLC also received donated management services in the amount of \$17,897 (2016) and \$-0- (2015) from its former Board Treasurer (see Footnote 8).

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING

Advertising is expensed as incurred. Advertising expense amounted to \$31,278 (2016) and \$2,456 (2015).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

INCOME TAXES

UWLC is organized as a nonprofit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes.

It is the policy of UWLC to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the year ended June 30, 2016.

RECLASSIFICATIONS

Certain amounts for 2015 have been reclassified to conform to the 2016 presentation.

3. INVESTMENTS

Investments are composed of the following at June 30:

	2016		2015	
	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>
Cash and Cash Equivalents	\$ 118,320	\$ 118,320	\$ 69,829	\$ 69,829
Mutual Funds - Equities	1,038,393	936,562	981,628	762,920
Mutual Funds - Fixed Income	501,763	522,410	346,462	368,929
Certificate of Deposit	-	-	265,682	265,682
	<u>\$ 1,658,476</u>	<u>\$ 1,577,292</u>	<u>\$ 1,663,601</u>	<u>\$ 1,467,360</u>

Investment returns as of June 30 are summarized by net asset class as follows:

	2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment Earnings	\$ 90,316	\$ 23,843	\$ 114,159
Unrealized Loss on Investments	(85,193)	(29,865)	(115,058)
	<u>\$ 5,123</u>	<u>\$ (6,022)</u>	<u>\$ (899)</u>
	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment Earnings	\$ 70,761	\$ 56,592	\$ 127,353
Unrealized Loss on Investments	(65,620)	(16,461)	(82,081)
	<u>\$ 5,141</u>	<u>\$ 40,131</u>	<u>\$ 45,272</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

4. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

Campaign Year:	2016	2015
2016	\$ 54,754	\$ -
2015	1,925,478	58,182
2014	69,465	2,906,381
Prior Periods	-	5,393
	\$ 2,051,713	\$ 2,969,956

5. FUNCTIONAL CATEGORIES

Community Impact includes coordination of UWLC staff, volunteers, and other resources to conduct activities for the betterment of the community. *Allocations and Agency Relations* include the evaluation of community needs and the distribution of funds to best meet those needs.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2016	2015
Land & Improvements	\$ 200,500	\$ 200,500
Building & Improvements	858,213	858,213
Office Furniture & Equipment	79,236	79,236
	1,137,949	1,137,949
Accumulated Depreciation	(639,603)	(617,520)
	\$ 498,346	\$ 520,429

Depreciation expense for the period was \$22,083 (2016) and \$22,082 (2015).

7. LINE OF CREDIT

UWLC maintains a revolving line of credit at its bank in the amount of \$500,000. The line bears interest at the bank's prime rate (3.25% at June 30, 2016) plus 0.25% and is secured by all of UWLC's assets. The line is renewable on April 15, 2017. There were no amounts outstanding on the line as of June 30, 2016 and 2015.

8. RELATED PARTY TRANSACTIONS

During the periods ended June 30, 2016 and 2015, various board members' companies provided regular business services to UWLC in accordance with the approved conflict of interest policy. These services included advertising and marketing services.

UWLC's President retired effective January 15, 2015. UWLC engaged an Emeritus Board member to serve as Interim President who was paid contract service fees amounting to \$3,800 (2016) and \$19,950 (2015). In August 2015, UWLC appointed a fellow Board member to assume the position of Interim President through December 31, 2015 on a volunteer basis. The fair value of volunteer services rendered amounting to \$17,897 is reflected in the Statement of Activities (see also Footnote 2). A permanent President was appointed on January 1, 2016.

Annual dues are paid in quarterly installments to United Way Worldwide. These totaled \$26,267 and \$23,929 for the years ended June 30, 2016 and 2015, respectively.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTES (CONTINUED):

9. OPERATING LEASE

UWLC leases certain office equipment under an operating lease.

Minimum future lease payments required under the remaining lease are \$9,815 annually through 2018 and \$7,362 in 2019.

Rent expense under all leases was approximately \$15,000 in 2016 and \$12,000 in 2015.

10. NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>Restriction</u>	<u>2016</u>	<u>2015</u>
Capital Improvements	Purpose	\$ 377,181	\$ 384,606
Program and Outreach	Purpose	<u>94,428</u>	<u>256,344</u>
		<u>\$ 471,609</u>	<u>\$ 640,950</u>

11. TERMINATION OF EXCHANGE OF FUNDS AGREEMENT

The UWLC and the United Way Services of Greater Cleveland (UWGC) had a long-standing reciprocation agreement whereby UWGC annually pledged a stated amount of \$1,000,000 less the amount of donor designations to UWLC. On December 18, 2014, in accordance with a provision in the agreement, UWGC provided six-months notification of termination and the agreement was effectively terminated on June 30, 2015.

Campaign Revenue from UWGC amounted to of \$-0- and \$970,000 in fiscal years 2016 and 2015, respectively. As of June 30, 2016, Pledges Receivable includes \$-0- (2016) and \$752,500 (2015) due from UWGC. Subsequent to the termination of the agreement, UWGC began paying UWLC for donations received by UWGC designated for UWLC. Donor designations to UWLC from UWGC in 2016 amounted to \$81,290, with \$63,104 outstanding as of June 30, 2016.

The UWLC is employing campaign strategies intended to recover, over time, the revenues lost by UWGC's termination of this agreement, including increased emphasis on "Give Where You Live" campaign. The ability of the UWLC to continue to fund its Program Services at historic or current levels is dependent on the success it will have in increasing future campaign revenues.

12. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through November 14, 2016, the date the financial statements were available to be issued.

UNITED WAY OF LAKE COUNTY, INC.

SCHEDULE OF FUNDS AWARDED TO MEMBER AGENCIES AND OTHERS

FOR THE YEARS ENDED JUNE 30

	2016	2015
ALLOCATIONS		
American Red Cross	\$ 12,900	\$ 19,798
Arthritis Foundation, Great Lakes Region, Northeast Ohio	3,400	6,863
Beacon Health	53,806	74,924
Big Brothers Big Sisters of Northeast Ohio	59,700	85,400
Birthright, Lake Co.	6,500	6,500
Camp Sue Osborn	29,300	36,675
Catholic Charities Corporation	31,000	71,509
Child Care on the Square, Inc.	48,600	60,807
Council on Aging	67,700	84,619
Crossroads	29,000	25,385
Eastlake Senior Center	3,200	5,394
Ecumenical Shelter Network of Lake County	52,600	65,809
Fairport Senior Center	3,800	7,739
Fine Arts Association	21,400	30,592
Forbes House	76,000	95,000
Girl Scouts of Northeast Ohio	4,900	9,832
Greater Western Reserve Council, Boy Scouts of America	32,900	70,237
Hospice of the Western Reserve, Inc.	35,000	58,418
Kidney Foundation of Ohio, Lake County Chapter	23,000	27,238
Kirtland Senior Center	-	4,690
Lake County Captains Charities	5,400	7,782
Lake County Community Network	21,300	28,400
Lake County Free Clinic	135,600	186,001
Lake County General Health	14,800	14,592
Lake County YMCA	96,325	157,775
Lake Health	3,700	9,611
Lake-Geauga Recovery Center, Inc.	108,871	149,704
Lifeline, Inc.	112,200	148,838
Madison Senior Center	2,200	3,752
Mentor Senior Center	7,300	12,254
New Directions for Living	40,800	58,400
Painesville Senior Center	2,600	5,303
Perry Senior Center	2,500	4,367
Salvation Army Citadel	114,100	170,412
Salvation Army Service Units	25,420	42,700
St. Vincent DePaul Society of St. John Vianney Church	3,800	4,000
Starting Point	22,800	28,540
The Lake Academy	5,100	6,372
Western Reserve Community Development	5,000	10,000
Western Reserve Counseling Service, Inc.	69,878	97,881
Wickliffe Senior Center	3,600	6,097
Willowick Senior Center	2,000	3,790
Total Allocations	<u>1,400,000</u>	<u>2,004,000</u>
GRANTS		
Solutions Panel	45,513	61,511
Women's Leadership	20,594	18,637
Youth United Way	10,000	10,000
Other	5,785	-
Emergency Assistance	-	35,250
Unpaid Prior Year Allocation	-	(25,842)
Total Grants	<u>81,892</u>	<u>99,556</u>
Total Awarded Funds	<u>\$ 1,481,892</u>	<u>\$ 2,103,556</u>