



UNITED WAY OF THE BRADFORD AREA, INC.
REPORT ON FINANCIAL STATEMENTS
JUNE 30, 2016



UNITED WAY OF THE BRADFORD AREA, INC.

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to financial statements	6



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

United Way of Bradford Area, Inc.

We have audited the accompanying financial statements of ***United Way of Bradford Area, 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, 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***United Way of Bradford Area, Inc.*** as of June 30, 2016, 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 ***United Way of Bradford Area, Inc.'s*** 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 11, 2016. In our opinion, the 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.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
JULY 21, 2016
OLEAN, NY 14760**



<i>As of June 30,</i>	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash	\$ 108,476	\$ 107,138
Pledges Receivable, Note 3	68,382	54,239
Total current assets	<u>176,858</u>	<u>161,377</u>
Office equipment and furnishings, Note 4	<u>11,999</u>	<u>5,069</u>
Other assets		
Investments, Note 2	<u>693,785</u>	<u>744,264</u>
Total assets	<u>\$ 882,642</u>	<u>\$ 910,710</u>
Liabilities and Net Assets		
Current liabilities	1,748	124
Net assets		
Unrestricted	880,894	910,586
Total liabilities and net assets	<u>\$ 882,642</u>	<u>\$ 910,710</u>



For the Year Ended June 30,

Support

	<u>2016</u>	<u>2015</u>
Contributions, annual campaign	\$ 387,465	\$ 353,873
Less: donor designations	(18,050)	(12,313)
	<u>369,415</u>	<u>341,560</u>

Revenue

Interest and dividends	17,407	15,707
Special events	18,671	18,451
Miscellaneous	1,750	1,350
Realized gains (losses) on investments	(29,504)	22,719
	<u>377,739</u>	<u>399,788</u>

Expenses

Program services	343,435	322,011
Fundraising	40,006	40,182
Management and General	44,049	43,465
	<u>427,490</u>	<u>405,658</u>

Excess of expenses over revenues (49,751) (5,870)

Unrealized gains (losses) on investments 20,060 (38,276)

Change in net assets (29,691) (44,146)

Net assets, beginning of year 910,586 954,732

Net assets, end of year \$ 880,895 \$ 910,586



For the Year Ended June 30,

	2016				2015
	Program Services	Fundraising	Management and General	Total	Total
Allocations to agencies	\$ 322,050	\$ -	\$ -	\$ 322,050	\$ 294,452
Less: donor designations	(18,050)	-	-	(18,050)	(12,313)
	<u>304,000</u>	<u>-</u>	<u>-</u>	<u>304,000</u>	<u>282,139</u>
Professional staff salaries	23,668	27,049	16,906	67,623	66,168
Payroll taxes	1,982	2,266	1,416	5,664	5,050
Employee retirement plan	1,085	1,239	775	3,099	3,276
Other employee benefits	886	1,013	633	2,532	3,518
	<u>27,621</u>	<u>31,567</u>	<u>19,729</u>	<u>78,918</u>	<u>78,012</u>
Professional fees	-	-	6,699	6,699	5,635
Campaign expenses	1,094	782	1,251	3,127	4,531
Special events	2,667	1,905	3,048	7,621	7,011
Telephone and communications	471	337	539	1,346	3,072
Postage	555	397	635	1,587	1,756
Rent	3,150	2,250	3,600	9,000	9,000
Insurance	642	459	734	1,834	1,820
Office Supplies	860	615	983	2,458	2,651
Bank charges and fees	-	-	366	366	436
Meeting expense	304	217	347	868	1,120
Advertising and promotion	944	675	1,079	2,698	2,143
Minor Equipment	145	104	166	415	225
Dues and subscriptions	286	204	326	816	887
Miscellaneous	373	267	427	1,067	585
Depreciation	321	229	367	917	1,105
	<u>11,814</u>	<u>8,438</u>	<u>20,567</u>	<u>40,819</u>	<u>41,978</u>
United Way dues	-	-	3,753	3,753	3,528
Total functional expenses	<u>\$ 343,435</u>	<u>\$ 40,006</u>	<u>\$ 44,049</u>	<u>\$ 427,490</u>	<u>\$ 405,658</u>



For the Year Ended June 30,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (29,691)	\$ (44,146)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	917	1,105
Unrealized (gains) losses on investments	(20,060)	(38,276)
Realized (gains) losses on sale of investments	29,504	(22,719)
Change in:		
Pledges receivable	(14,143)	(7,879)
Current liabilities	1,623	(747)
Net cash used in operating activities	<u>(31,849)</u>	<u>(112,663)</u>
Cash flows from investing activities		
Purchase of capital assets	(7,847)	-
Net sales of investments	41,035	106,025
Net cash provided by investing activities	<u>33,188</u>	<u>106,025</u>
Net change in cash	1,339	(6,638)
Cash at beginning of year	107,138	113,776
Cash at end of year	<u>\$ 108,477</u>	<u>\$ 107,138</u>

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The United way of the Bradford Area is a non-profit corporation formed in 1925. The Organization was formed to raise and distribute funds for the purpose of community building and enhancing the quality of life in the greater Bradford area.

A. Nature of Operations

United Way of Bradford Area, Inc. is a not-for-profit corporation established to be an economical and efficient fund raising vehicle for voluntary health and human service programs serving Bradford Area. The Organization's mission is to improve the quality of life by mobilizing resources to meet the needs of the community. Contributions received from donors are allocated to agencies through a centrally controlled budgeting process, based on a continuing evaluation of the priority needs of the services the agencies provide to the community.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Thus, campaign revenues, grants and other contributions are recognized when the donor makes a promise-to-give, and expenses are recognized when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization held \$50,000 in permanently restricted net assets as of June 30, 2016 and 2015.

D. 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.

E. Cash Equivalents

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

F. Investments

Investments in marketable equity securities, mutual funds, and certificates of deposit are recorded at fair market value. Investments with readily determinable fair values are valued at their fair values using quoted market prices or the funds' statements of financial position. Unrealized gains and losses on investments are reflected as part of investment income in the statements of activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

G. Promises to Give

Pledges are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases to temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. 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.

H. Property, Equipment, and Depreciation

The Organization capitalizes property and equipment over \$250. Lesser amounts are expensed. Equipment and improvements to the building and grounds are recorded at historical cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. All expenditures for repairs and maintenance that materially prolong the useful lives of assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 30 years.

I. Donor Designations

The Agency periodically receives gifts designated by donors for other agencies. These amounts are recorded as accounts payable to the agency designated by the donor upon receipt.

J. Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rates, market fluctuations and credit conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the Statement of Financial Position and the Statement of Activities.

K. Interest Rate Risk

The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

L. In-kind Contributions

A substantial number of unpaid volunteers have made significant contributions to *United Way of Bradford Area, Inc.* and its programs, principally in fund-raising and program activities. Contributions of donated services which create or enhance non-financial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are recorded at the fair values in the periods received. Contributions of donated property, plant, equipment, and supplies are recorded at their fair values in the period received and are considered unrestricted as to use.

M. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**N. Functional Expenses**

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

O. Contributions

Contributions are recognized as revenue when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as temporarily or permanently restricted net assets, depending on the nature of the restrictions.

P. Compensated Absences

The Agency does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on uncontrollable future events.

Q. Income Taxes

The Agency is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements. Tax returns remaining open for examination by taxing authorities include those for the years 2011 and following.

NOTE 2: FAIR VALUE MEASUREMENTS

The Organization has pooled equity and fixed income funds held at Northwest Savings Bank that had a fair value of \$693,785 and \$744,264 at June 30, 2016 and 2015 respectively.

The Organization measures its investments at fair value, in the following manner:

- Requiring consideration of nonperformance risk when valuing liabilities;
- Defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value; and
- Establishing a three-level hierarchy for fair-value measurement, based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date.

The three-level valuation techniques are based upon observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value levels:

- Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access;
- Level 2 – quoted prices for similar assets or liabilities in active markets; inputs that are other than quoted prices that are observable market data by correlation or other means (must be observable for substantially the full term of the asset or liability);
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The funds held at Northwest Savings Bank are Level 1 assets.

NOTE 3: INVESTMENTS

The following breakdown summarizes the Agency's investment assets by category:

As of June 30, 2016	Fair Value	Cost Basis
Money market	\$ 13,157	\$ 13,157
Fixed income	95,742	96,394
Equities	584,886	519,065
Total	\$ 693,785	\$ 628,616

As of June 30, 2015	Fair Value	Cost Basis
Money market	\$ 14,195	\$ 14,195
Fixed income	97,921	99,654
Equities	632,148	585,304
Total	\$ 744,264	\$ 699,153

The following summarizes investment returns and their classification in the Statement of Activities:

For the Year Ending June 30,	2016	2015
Interest and dividends	\$ 17,407	\$ 15,392
Realized gains (losses)	(29,504)	28,199
Unrealized gains (losses)	20,060	(38,276)
Total	\$ 7,963	\$ 5,315

NOTE 4: PLEDGES RECEIVABLE

As of June 30,	2016	2015
Pledges receivable	\$ 84,632	\$ 70,489
Less: allowance for uncollectible accounts	(16,250)	(16,250)
Pledges, receivable, net	\$ 68,382	\$ 54,239

NOTE 5: OFFICE EQUIPMENT AND FURNISHINGS

Office equipment and furnishings consists of the following:

	June 30, 2015	Additions	Disposals	June 30, 2016
Office equipment and furnishings	\$ 29,884	\$ 7,847	\$ -	\$ 37,731
Less: accumulated depreciation	(24,815)	(917)	-	9,749
Book value	\$ 5,069	\$ 6,930	\$ -	\$ 11,999

The provisions for depreciation of office equipment and furnishings charged to costs totaled approximately \$900 and \$1,100 for the years ended June 30, 2016 and 2015, respectively.

NOTE 6: PENSION PLAN

The United Way of the Bradford Area, Inc. participates in a Simplified Employee Pension Plan through Edward Jones. Pension expense for each of the years ended June 30, 2016 and 2015 was approximately \$3,000. Plans where employers make contributions could make the plan subject to the Employee Retirement Income Security Act of 1974 (ERISA). Employees are 100% vested when contributions are received.

NOTE 7: RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. During the periods ended June 30, 2016 and 2015, the Organization managed its risks as follows:

Liability Insurance

The Organization purchases liability insurance for the risks related to torts, theft of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workers Compensation

The Organization purchases liability insurance for workers compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The Organization provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and manage by the state of Pennsylvania.

NOTE 8: OPERATING LEASES

The Organization rented office space in Bradford, PA at a rate of \$750 per month for the year ending June 30, 2016. On July 1, 2016, **UWBA** entered into an agreement with its current landlord for a five-year lease set to expire on June 30, 2019. The Agency will continue to pay \$750 per month for the term of the lease. As of June 30, 2016, total minimum lease payments amounted to \$27,000.

NOTE 9: CONCENTRATIONS OF REVENUE

Substantially all of the Organization's funding is dependent upon contributions. Approximately \$81,000 for the year ending June 30, 2016 was provided by contributions from one organization and its employees. The loss of these contributions would have a material adverse effect on the Agency. Included in pledges receivable from this organization at June 30, 2016 is approximately \$20,000.

NOTE 10: DATE OF MANAGEMENT'S REVIEW

Management has reviewed events and transactions through July 21, 2016, which is the date the accompanying financial statements were available to be issued.