



United Way of Greater Richmond & Petersburg

Financial Statements

June 30, 2016 and 2015



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UNITED WAY OF GREATER RICHMOND & PETERSBURG

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Greater Richmond & Petersburg (the "Organization"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 the United Way of Greater Richmond & Petersburg, as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information provided on pages 23 through 26 is presented for the purpose 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 audits 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. 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 black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

November 4, 2016
Glen Allen, Virginia

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position
June 30, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 4,673,118	\$ 3,283,509
Certificates of deposit	1,000,000	1,000,000
Pledges receivable:		
Campaign 14/15 - net of allowance of \$484,235	-	3,445,130
Campaign 15/16 - net of allowance of \$495,421	3,397,479	36,661
Other receivables	296,011	270,504
Other assets	36,462	35,621
Total current assets	9,403,070	8,071,425
Investments (Note 2)	5,489,194	5,235,633
Leasehold improvements and equipment at cost		
less accumulated depreciation (Note 3)	101,588	105,611
Total assets	\$ 14,993,852	\$ 13,412,669

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position, Continued
June 30, 2016 and 2015

Current liabilities:		
Allocations payable	\$ 2,000,000	\$ 2,050,000
Designations payable	934,341	1,277,571
Accrued expenses	189,695	257,810
Accounts payable	66,716	177,054
Funds held for Energy Share (Note 4)	2,895,420	826,928
Funds held for others (Note 4)	<u>665,302</u>	<u>696,822</u>
Total current liabilities	<u>6,751,474</u>	<u>5,286,185</u>
Net Assets:		
Unrestricted (Note 5):		
Board designated:		
Reserves	5,344,336	5,117,376
Pension plan obligation	595,544	656,020
United Way operations	1,730,557	1,828,107
Land, building and equipment	<u>101,589</u>	<u>105,611</u>
Total board designated	<u>7,772,026</u>	<u>7,707,114</u>
Total unrestricted	<u>7,772,026</u>	<u>7,707,114</u>
Temporarily restricted (Note 6):		
Annual campaign designated for future periods	127,414	35,292
Other temporarily restricted	<u>342,938</u>	<u>384,078</u>
Total temporarily restricted	<u>470,352</u>	<u>419,370</u>
Total net assets	<u>8,242,378</u>	<u>8,126,484</u>
Total liabilities and net assets	<u>\$ 14,993,852</u>	<u>\$ 13,412,669</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities Year Ended June 30, 2016, with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenues, gains and other support:				
Gross campaign pledges 2015/2016	\$ -	\$ 11,212,081	\$ 11,212,081	\$ 12,238,901
Less donor designations	-	(4,364,492)	(4,364,492)	(4,983,090)
Less provision for uncollectible pledges	-	(512,000)	(512,000)	(500,000)
Subtotal campaign revenue 2015/2016	<u>-</u>	<u>6,335,589</u>	<u>6,335,589</u>	<u>6,755,811</u>
Gross campaign pledges prior year's:				
Contributions received	-	409,088	409,088	197,048
Less donor designations	-	-	-	(2,279)
Subtotal prior year's campaign revenue	<u>-</u>	<u>409,088</u>	<u>409,088</u>	<u>194,769</u>
Contributions received released from restrictions				
Contributions received	11,037,339	(11,037,339)	-	-
Donor designations	(4,364,492)	4,364,492	-	-
Net current period campaign	<u>6,672,847</u>	<u>(6,672,847)</u>	<u>-</u>	<u>-</u>
Gross campaign pledges future year				
Contributions received	-	127,414	127,414	72,285
Less donor designations	-	-	-	(39,697)
Total campaign revenue	<u>6,672,847</u>	<u>199,244</u>	<u>6,872,091</u>	<u>6,983,168</u>
Contributions	-	305,214	305,214	239,650
Memorials and bequests	255,338	-	255,338	45,898
Net public support	<u>6,928,185</u>	<u>504,458</u>	<u>7,432,643</u>	<u>7,268,716</u>
Grants from governmental agencies	<u>-</u>	<u>710,878</u>	<u>710,878</u>	<u>694,147</u>
Other revenue:				
Third party processing fees	184,730	-	184,730	154,617
Investment income, net	104,190	-	104,190	105,347
Unrealized gains (losses)	108,818	-	108,818	(68,644)
Realized gains	-	-	-	122,363
Endowment income	206,198	-	206,198	196,443
Designations from other United Ways	36,502	-	36,502	48,357
Fees from donor designations	374,645	-	374,645	423,568
Net other revenue	<u>1,015,083</u>	<u>-</u>	<u>1,015,083</u>	<u>982,051</u>
Grants released from restrictions (Note 8)	<u>1,164,354</u>	<u>(1,164,354)</u>	<u>-</u>	<u>-</u>
Net public support and other revenue	<u>9,107,622</u>	<u>50,982</u>	<u>9,158,604</u>	<u>8,944,914</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities, Continued
Year Ended June 30, 2016, with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Allocations and expenses:				
Program services:				
Gross allocations	\$ 8,414,492	\$ -	\$ 8,414,492	\$ 9,369,409
Less donor designations	<u>(4,364,492)</u>	<u>-</u>	<u>(4,364,492)</u>	<u>(5,025,066)</u>
Net allocations	4,050,000	-	4,050,000	4,344,343
Community planning and allocations	989,863	-	989,863	964,649
Community initiatives	<u>1,435,071</u>	<u>-</u>	<u>1,435,071</u>	<u>1,393,014</u>
Total program services	<u>6,474,934</u>	<u>-</u>	<u>6,474,934</u>	<u>6,702,006</u>
Supporting services:				
Fundraising	1,354,770	-	1,354,770	1,413,175
Management and general	<u>1,213,006</u>	<u>-</u>	<u>1,213,006</u>	<u>1,325,188</u>
Total supporting services	<u>2,567,776</u>	<u>-</u>	<u>2,567,776</u>	<u>2,738,363</u>
Total expenses	<u>9,042,710</u>	<u>-</u>	<u>9,042,710</u>	<u>9,440,369</u>
Change in net assets	64,912	50,982	115,894	(495,455)
Net assets, beginning of year	<u>7,707,114</u>	<u>419,370</u>	<u>8,126,484</u>	<u>8,621,939</u>
Net assets, end of year	<u>\$ 7,772,026</u>	<u>\$ 470,352</u>	<u>\$ 8,242,378</u>	<u>\$ 8,126,484</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Gross campaign pledges 2014/2015	\$ -	\$ 12,238,901	\$ 12,238,901
Less donor designations	-	(4,983,090)	(4,983,090)
Less provision for uncollectible pledges	-	(500,000)	(500,000)
Subtotal campaign revenue 2014/2015	<u>-</u>	<u>6,755,811</u>	<u>6,755,811</u>
Gross campaign pledges prior year's:			
Contributions received	-	197,048	197,048
Less donor designations	-	(2,279)	(2,279)
Subtotal prior year's campaign revenue	<u>-</u>	<u>194,769</u>	<u>194,769</u>
Contributions received released from restrictions	11,780,526	(11,780,526)	-
Donor designations	<u>(5,025,066)</u>	<u>5,025,066</u>	-
Net current period campaign	<u>6,755,460</u>	<u>(6,755,460)</u>	-
Gross campaign pledges future year	-	72,285	72,285
Less donor designations	-	(39,697)	(39,697)
Total campaign revenue	<u>6,755,460</u>	<u>227,708</u>	<u>6,983,168</u>
Contributions	-	239,650	239,650
Memorials and bequests	<u>45,898</u>	-	<u>45,898</u>
Net public support	<u>6,801,358</u>	<u>467,358</u>	<u>7,268,716</u>
Grants from governmental agencies	<u>-</u>	<u>694,147</u>	<u>694,147</u>
Other revenue:			
Third party processing fees	154,617	-	154,617
Investment income, net	105,347	-	105,347
Unrealized loss	(68,644)	-	(68,644)
Realized gains	122,363	-	122,363
Endowment income	196,443	-	196,443
Designations from other United Ways	48,357	-	48,357
Fees from donor designations	<u>423,568</u>	-	<u>423,568</u>
Net other revenue	982,051	-	982,051
Grants released from restrictions (Note 8)	<u>1,189,662</u>	<u>(1,189,662)</u>	-
Net public support and other revenue	<u>8,973,071</u>	<u>(28,157)</u>	<u>8,944,914</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities, Continued
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Allocations and expenses:			
Program services:			
Gross allocations	\$ 9,369,409	\$ -	\$ 9,369,409
Less donor designations	<u>(5,025,066)</u>	<u>-</u>	<u>(5,025,066)</u>
Net allocations	4,344,343	-	4,344,343
Community planning and allocations	964,649	-	964,649
Community initiatives	<u>1,393,014</u>	<u>-</u>	<u>1,393,014</u>
Total program services	<u>6,702,006</u>	<u>-</u>	<u>6,702,006</u>
Supporting services:			
Fundraising	1,413,175	-	1,413,175
Management and general	<u>1,325,188</u>	<u>-</u>	<u>1,325,188</u>
Total supporting services	<u>2,738,363</u>	<u>-</u>	<u>2,738,363</u>
Total expenses	<u>9,440,369</u>	<u>-</u>	<u>9,440,369</u>
Change in net assets	(467,298)	(28,157)	(495,455)
Net assets, beginning of year	<u>8,174,412</u>	<u>447,527</u>	<u>8,621,939</u>
Net assets, end of year	<u>\$ 7,707,114</u>	<u>\$ 419,370</u>	<u>\$ 8,126,484</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 115,894	\$ (495,455)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized net investment gain	(213,009)	(53,719)
Depreciation	46,983	56,902
Changes in operating assets and liabilities:		
Pledges receivable	84,312	137,506
Other receivables	(25,507)	(10,567)
Other assets	(841)	4,542
Allocations payable	(50,000)	(248,342)
Designations payable	(343,230)	7,103
Accrued expenses	(68,115)	38,369
Accounts payable	(110,338)	4,223
Energy Share	2,068,492	635,141
Funds held for others	<u>(31,520)</u>	<u>614,320</u>
Net cash provided by operating activities	<u>1,473,121</u>	<u>690,023</u>
Cash flows from investing activities:		
Purchase of investments	(40,552)	-
Sale proceeds of investments, net	-	544,710
Purchase of certificates of deposit	-	(500,000)
Purchase of equipment	<u>(42,960)</u>	<u>(56,665)</u>
Net cash used by investing activities	<u>(83,512)</u>	<u>(11,955)</u>
Net change in cash and cash equivalents	1,389,609	678,068
Cash and cash equivalents, beginning of year	<u>3,283,509</u>	<u>2,605,441</u>
Cash and cash equivalents, ending of year	<u>\$ 4,673,118</u>	<u>\$ 3,283,509</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Functional Expenses
Year Ended June 30, 2016, with Comparative Totals for 2015

	Program Services			Support Services			2016 Total	2015 Total
	Community Planning and Allocations	Community Initiatives (see Schedule 1)	Total	Fund Raising	Management and General	Total		
Gross allocations	\$ 8,414,492	\$ -	\$ 8,414,492	\$ -	\$ -	\$ -	\$ 8,414,492	\$ 9,369,409
Less donor designations	(4,364,492)	-	(4,364,492)	-	-	-	(4,364,492)	(5,025,066)
Subtotal	4,050,000	-	4,050,000	-	-	-	4,050,000	4,344,343
Salaries	558,179	248,267	806,446	790,281	615,927	1,406,208	2,212,654	2,308,620
Health and retirement benefits	145,417	38,311	183,728	161,417	146,145	307,562	491,290	485,056
Payroll taxes	45,067	17,693	62,760	64,012	62,688	126,700	189,460	195,790
Contract labor	-	-	-	-	-	-	-	96,580
Moving and recruitment	-	-	-	-	33,291	33,291	33,291	39,065
Specific program expenses	-	876,220	876,220	-	-	-	876,220	737,560
Pension plan contributions	-	60,476	60,476	-	-	-	60,476	55,605
Professional fees	24,116	70,317	94,433	16,628	96,030	112,658	207,091	149,898
Supplies	1,349	6,209	7,558	3,090	6,771	9,861	17,419	36,554
Telephone	9,167	1,796	10,963	14,550	7,493	22,043	33,006	34,418
Postage and shipping	4,323	1,014	5,337	10,993	11,120	22,113	27,450	26,795
Occupancy	106,972	19,239	126,211	117,314	107,915	225,229	351,440	361,496
Equipment maintenance	35,761	7,454	43,215	40,357	36,347	76,704	119,919	140,528
Printing and publications	14,392	12,436	26,828	57,832	1,350	59,182	86,010	124,671
Travel and related expenses	17,659	21,765	39,424	16,112	8,294	24,406	63,830	72,468
Conferences, conventions, and meetings	3,389	10,625	14,014	1,805	18,761	20,566	34,580	38,421
Depreciation expense	-	15,661	15,661	15,661	15,661	31,322	46,983	56,902
Miscellaneous	2,300	5,816	8,116	1,174	1,669	2,843	10,959	5,224
Subtotal	968,091	1,413,299	2,381,390	1,311,226	1,169,462	2,480,688	4,862,078	4,965,651
Total before UWA dues	5,018,091	1,413,299	6,431,390	1,311,226	1,169,462	2,480,688	8,912,078	9,309,994
United Way Worldwide dues	21,772	21,772	43,544	43,544	43,544	87,088	130,632	130,375
Total functional expenses	\$ 5,039,863	\$ 1,435,071	\$ 6,474,934	\$ 1,354,770	\$ 1,213,006	\$ 2,567,776	\$ 9,042,710	\$ 9,440,369

Note: Specific program expenses mainly include external program related costs including contracting for VSQI, payments to energy vendors and other specific program activities.

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services			Support Services			Total
	Community Planning and Allocations	Community Initiatives (see Schedule 1)	Total	Fund Raising	Management and General	Total	
Gross allocations	\$ 9,369,409	\$ -	\$ 9,369,409	\$ -	\$ -	\$ -	\$ 9,369,409
Less donor designations	(5,025,066)	-	(5,025,066)	-	-	-	(5,025,066)
Subtotal	4,344,343	-	4,344,343	-	-	-	4,344,343
Salaries	538,100	330,779	868,879	803,469	636,272	1,439,741	2,308,620
Health and retirement benefits	143,229	49,446	192,675	154,257	138,124	292,381	485,056
Payroll taxes	43,824	25,742	69,566	63,596	62,628	126,224	195,790
Contract labor	-	1,635	1,635	8,730	86,215	94,945	96,580
Moving and recruitment	-	-	-	-	39,065	39,065	39,065
Specific program expenses	-	737,560	737,560	-	-	-	737,560
Pension plan contributions	-	55,605	55,605	-	-	-	55,605
Professional fees	2,749	40,577	43,326	4,511	102,061	106,572	149,898
Supplies	3,859	11,672	15,531	9,885	11,138	21,023	36,554
Telephone	10,264	2,524	12,788	14,490	7,140	21,630	34,418
Postage and shipping	6,911	1,662	8,573	10,892	7,330	18,222	26,795
Occupancy	108,248	22,217	130,465	124,149	106,882	231,031	361,496
Equipment maintenance	45,613	4,294	49,907	53,705	36,916	90,621	140,528
Printing and publications	15,139	29,343	44,482	79,922	267	80,189	124,671
Travel and related expenses	9,408	27,628	37,036	20,908	14,524	35,432	72,468
Conferences, conventions, and meetings	4,867	21,087	25,954	816	11,651	12,467	38,421
Depreciation expense	9,484	9,484	18,968	18,967	18,967	37,934	56,902
Miscellaneous	1,225	30	1,255	1,420	2,549	3,969	5,224
Subtotal	942,920	1,371,285	2,314,205	1,369,717	1,281,729	2,651,446	4,965,651
Total before UWA dues	5,287,263	1,371,285	6,658,548	1,369,717	1,281,729	2,651,446	9,309,994
United Way Worldwide dues	21,729	21,729	43,458	43,458	43,459	86,917	130,375
Total functional expenses	\$ 5,308,992	\$ 1,393,014	\$ 6,702,006	\$ 1,413,175	\$ 1,325,188	\$ 2,738,363	\$ 9,440,369

Note: Specific program expenses mainly include external program related costs including contracting for VSQI, payments to energy vendors and other specific program activities.

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies:

Nature of Organization: United Way of Greater Richmond & Petersburg (the "Organization") helps build capacity in critical programs and services to prepare children, help families and individuals achieve financial stability, and support the health and wellness of older adults. Working together with organizations and individuals throughout greater Richmond and Petersburg, the Organization is changing and improving lives not only in the moment of need, but for the long-term. The majority of the revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are allocated by local volunteers, who serve on the allocation panels of the Organization's Planning and Allocations Division, and the allocations are approved by the Board of Directors.

Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restriction. For temporarily donor-imposed restrictions, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated within unrestricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that require the principal be invested and the income be used as stipulated by the donor or for general operations of the Organization.

Contributions of long-lived assets and cash to acquire long-lived assets that are received without stipulations about how long the long-lived assets must be used are reported as unrestricted when the assets are placed in service and no time restrictions are implied.

Pledges and Allocations: Pledges to the Organization, net of estimated uncollectible amounts, are recognized as revenue or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of benefits received. Allocations to agencies approved prior to the allocation year are deducted from annual campaign support designated for future periods and are reported as liabilities until paid. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Pledges are recorded in the statement of financial position when received, and allowances are provided for amounts estimated to be uncollectible. All uncollected pledges are charged off at the end of the second year following the year in which they were pledged. The amounts estimated to be uncollectible are determined by historical trends and current economic and environmental factors and approved by the Board of Directors. Pledges that are raised by the Organization but paid directly to the designated agency by the company or a third party, totaled \$1,676,221 and \$1,780,777 for the years ended June 30, 2016 and 2015, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Pledges and Designations for Public Service Campaigns: Gross campaign pledges include the following locally managed public sector campaigns: Combined Federal Campaign (“CFC”), and Local Government and Schools (“LGS”). The Organization, as a federation, is distributing funds received from the CFC and LGS for its member agencies, in accordance with donor designations.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

Certificates of Deposit: The Organization invests its excess cash in certificates of deposit which are stated at cost plus accrued interest. At June 30, 2016, the Organization held three certificates of deposit, which mature throughout 2016 and renew automatically.

Investments: Investments are comprised of a mutual fund and are reported in the statement of financial position at their fair values based on quoted market prices (see Note 2). Investments are exposed to various risks, such as interest rate, market, and credit. 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 the risks in the near term could materially affect amounts reported on the financial statements.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

Leasehold Improvements and Equipment: Leasehold improvements and equipment are recorded at cost for purchased assets and at fair market value at the date of receipt for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense, while expenses for major improvements are capitalized. The cost and accumulated depreciation are removed from the accounts for property sold or retired and any resulting gain or loss is included in income.

Donated Services: No amounts have been reflected in the financial statements for donated services because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization’s program services and fund raising campaigns.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Tax Status: United Way of Greater Richmond & Petersburg is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a charitable organization, which qualifies contributions, bequests and legacies as deductions by the donor for income, estate and gift tax purposes.

Income Tax Uncertainties: The Organization has adopted the Financial Accounting Standards Board (FASB) guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements.

In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization accrues interest and penalties related to unrecognized tax benefits as other noncurrent liabilities and recognizes the related changes in the Organization's assessments as a component of income tax expense. The Organization has completed its assessment and determined that there were no tax positions, which would require recognition under the guidance. The Organization is not currently under audit by any tax jurisdiction.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables.

Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation insured limits on each account of \$250,000. The ability to collect pledges resulting from fund raising efforts is affected by general economic conditions in the Richmond-Petersburg, Virginia metropolitan area.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

2. Fair Value Measurements:

The Organization follows FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under Generally Accepted Accounting Principles (“GAAP”) and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimizes the use of unobservable inputs. This guidance also established a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date. The Organization’s Level 1 assets include cash and cash equivalents, and mutual fund shares. Mutual fund shares held had a value of \$5,489,194 as of June 30, 2016 and a value of \$5,235,633 as of June 30, 2015. The mutual fund is a large value fund with 60-70% invested in equity securities and 30-40% invested in fixed income instruments.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

The Organization’s Level 2 assets include certificates of deposit. Certificates of deposit held had a value of \$1,000,000 as of June 30, 2016 and June 30, 2015.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions. The Organization does not hold Level 3 assets or liabilities at fair value on the statements of financial position.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

3. Leasehold Improvements and Equipment:

Leasehold improvements and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 175,549	\$ 167,827
Furniture, equipment and software	<u>1,330,367</u>	<u>1,295,130</u>
	1,505,916	1,462,957
Less accumulated depreciation	<u>1,404,328</u>	<u>1,357,346</u>
Total	<u>\$ 101,588</u>	<u>\$ 105,611</u>

Depreciation expense amounted to \$46,983 and \$56,902 for the years ended June 30, 2016 and 2015, respectively.

4. Funds Held for Energy Share and Others:

Energy Share:

United Way of Greater Richmond & Petersburg acts as the fiscal agent for the Energy Share campaign sponsored by Dominion Virginia Power. Energy Share is a fuel assistance program that pays for the heating and cooling services of those individuals who cannot financially secure these services on their own. The Organization collects and distributes these contributions. United Way of Greater Richmond & Petersburg is also the distributing agency for the Energy Share program for several counties in central Virginia and North Carolina.

Others:

The Organization is also an independent processor for third-party campaigns. Amounts collected, but not remitted at year end are reflected in funds held for others.

Funds held for Energy Share and others are not reflected as revenues and expenses in the statements of activities.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

4. Funds Held for Energy Share and Others, Continued:

Transactions consisted of the following for the years ended June 30, 2016 and 2015:

	2016	
	Energy Share	Others
Balance, beginning	\$ 826,928	\$ 696,822
Amounts received	6,920,799	1,864,784
Amounts disbursed	(4,852,307)	(1,896,304)
Balance, ending	\$ 2,895,420	\$ 665,302
	2015	
	Energy Share	Others
Balance, beginning	\$ 191,787	\$ 82,502
Amounts received	2,769,499	2,477,883
Amounts disbursed	(2,134,358)	(1,863,563)
Balance, ending	\$ 826,928	\$ 696,822

5. Unrestricted Net Assets:

Unrestricted net assets as of June 30 consisted of the following:

	2016	2015
Designated by the Board of Directors:		
Capital Replacement Reserve Fund	\$ 38,664	\$ 74,527
Community Impact Reserve	120,046	54,469
Community Reserve Fund	5,153,932	4,952,002
Pension Plan obligation	595,544	656,020
Southside Reserve Fund	31,694	36,378
United Way operations	1,730,557	1,828,107
Land, building and equipment net assets	101,589	105,611
Total unrestricted	\$ 7,772,026	\$ 7,707,114

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

6. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 5,528	\$ 93,682
Youth Program Quality Initiative	143,810	51,608
Infant and Toddler	6,067	-
Income/Financial Stability:		
211 - Information and Referral	1,231	-
Metrocare	3,454	11,329
THRIVE Collaborative	104,621	145,704
Metrocash	26,762	33,345
Health	40,618	34,448
Other*	<u>10,847</u>	<u>13,962</u>
	342,938	384,078
Annual campaign desig. for future periods	<u>127,414</u>	<u>35,292</u>
	<u>\$ 470,352</u>	<u>\$ 419,370</u>

* Other includes community initiatives supported by the Strategic Engagement group.

7. Permanently Restricted Net Assets:

There were no permanently restricted net assets at June 30, 2016 and 2015. Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable to support purposes as stipulated by the donor.

The Organization's policy is to transfer all endowment funds to The United Way of Greater Richmond & Petersburg Endowment Fund, assets of which are held by the Community Foundation unless otherwise directed by the Board (see Note 12).

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

8. Net Assets Released from Restrictions:

Net assets released for expenses satisfying the restricted purposes of grants were as follows:

	2016	2015
Expenses satisfying restricted purposes:		
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 628,473	\$ 694,430
Youth Program Quality Initiative	81,429	74,554
Other	-	2,059
Infant and Toddler	42,909	56,733
Income/Financial Stability:		
211 - Information and Referral	59,157	58,384
Energy Share	-	64,823
Metrocare	48,000	57,000
THRIVE Collaborative	163,398	9,196
Metrocash	101,483	105,067
Health	36,389	66,378
Other*	3,116	1,038
	\$ 1,164,354	\$ 1,189,662

* Other includes community initiatives supported by the Strategic Engagement group.

9. Retirement Plans:

Defined Benefit Plan:

United Way of Greater Richmond & Petersburg administers and sponsors a multiple employer noncontributory defined benefit plan (as defined by ERISA and IRS code), the Defined Benefit Pension Plan of United Way of Greater Richmond & Petersburg and Affiliated Agencies (the "Plan"), which covered substantially all employees of the Organization until the Plan was frozen. Each year, the Organization sets the rate of contribution for covered salaries for all affiliated agencies.

The Plan funds the employee benefits of the Organization and affiliated agencies as if the employees worked for one entity. As such the actuarial calculations are not determined for the individual organizations participating in this Plan. GAAP considers the current year contribution for this type of plan to be the pension costs, and no Plan asset or obligation for benefits is recorded in the Organization's financial statements. The Organization's contributions to the Plan amounted to \$294,242 in fiscal year 2016 and \$266,253 in fiscal year 2015.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans, Continued:

Defined Benefit Plan, Continued:

As of January 1, 2016 and 2015, the most recent measurement dates for the Plan, the fair value of Plan assets amounted to \$29,543,019 and \$30,057,607 respectively, and the present value of accumulated Plan benefits amounted to \$30,100,012 and \$29,543,790 respectively. As of June 30, 2016 and 2015, the fair value of Plan assets amounted to approximately \$30,179,591 and \$30,310,604, respectively. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization and affiliated agencies are likely to be required to make future contributions to the Plan. At June 30, 2016 and 2015, the Organization had \$595,544 and \$656,020, respectively, of net assets designated for future obligations related to the Plan.

On September 26, 2008, the Board of Directors of United Way of Greater Richmond & Petersburg approved a resolution to freeze the Plan, effective December 31, 2008. The Organization set funding requirements from the Organization and affiliated agencies amounting to \$1,382,650 for the year ended June 30, 2016 and \$1,252,350 for the year ended June 30, 2015, which is allocated according to the respective benefit liability of each agency. This amount is subject to revision based on changes in legislation and other related factors. Since the Organization is the Plan Sponsor, should the participating entities not fulfill their funding responsibilities, the Organization could be exposed to additional risk.

Defined Contribution Plan:

In addition, the Organization sponsors a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may make matching contributions. The Organization's contributions to the plan amounted to \$23,315 for the year ended June 30, 2016 and \$21,152 for the year ended June 30, 2015.

10. Line of Credit:

The Organization has available an unsecured line of credit of \$2,000,000. The line of credit has an interest rate of one-month LIBOR plus 1.75% per annum but no less than 2.5% per annum for 2016 and 2015, respectively (2.5% as of June 30, 2016, and 2015), is due on demand and renews annually in January. The next renewal will be on January 26, 2017. There have not been any borrowings against this line.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

11. Lease Commitments:

The Organization leases office space through October 2020 and equipment under non-cancelable operating leases. As of June 30, 2016 future combined equipment and office lease payments are as follows:

2017	\$	354,703
2018		356,749
2019		365,470
2020		373,093
2021		<u>124,447</u>
	\$	<u>1,574,462</u>

Rent expense for the years ended June 30, 2016 and 2015 was \$354,130 and \$356,740 respectively.

12. Related Party Transactions:

Fund:

The United Way of Greater Richmond & Petersburg Endowment and E. Claiborne Robins Endowment were organized to support the charitable and educational activities consistent with the mission of United Way of Greater Richmond & Petersburg. The endowment assets are held by the Community Foundation and are not reflected in the financial statements of the Organization.

Summary financial information as of June 30, 2016 and 2015 is as follows:

		<u>2016</u>	<u>2015</u>
Fund balance	\$	5,598,211	\$ 6,102,192

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

13. Overhead:

United Way of Greater Richmond & Petersburg provides an overhead measure for analytical review and comparison with other United Ways as established by United Way Worldwide membership standards. The percentage is based on gross revenues less allowance for uncollectible pledges. Overhead expenses include fundraising, management, and general expenses including depreciation, and United Way Worldwide membership dues. The percentages for 2016 and 2015 are as follows:

	2016	2015
Net public support and revenue	\$ 9,158,604	\$ 8,944,914
Unrealized losses (gains), net	(108,818)	68,644
Recovery of shrinkage for prior years	(190,499)	(170,428)
Donor designations	4,364,492	5,025,066
Provision for uncollectible pledges	512,000	500,000
Gross revenues	13,735,779	14,368,196
Less provision for uncollectible pledges	(512,000)	(500,000)
Net revenues	\$ 13,223,779	\$ 13,868,196
Fundraising	\$ 1,354,770	\$ 1,413,175
Management and general	1,213,006	1,325,188
Total overhead	\$ 2,567,776	\$ 2,738,363
Percent of net revenues:		
Fundraising	10.24%	10.19%
Management and general	9.17%	9.56%
Total overhead, net method	19.41%	19.75%

14. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was, serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia, and the Organization's insurance policies also serve to limit its exposure. The Organization is not aware of any such obligations.

15. Subsequent Events:

Management has evaluated subsequent events through November 4, 2016, the date the financial statements were available to be issued, and has determined there are no other subsequent events to be reported in the accompanying financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets
Year Ended June 30, 2016

	<u>Balance</u> <u>6/30/2015</u>	<u>Support and</u> <u>Revenue</u>	<u>Allocations</u> <u>and Expenses</u>	<u>Reclassifications</u>	<u>Balance</u> <u>6/30/2016</u>
Unrestricted net assets:					
Undesignated	\$ -	\$ 660,782	\$ -	\$ (660,782)	\$ -
Designated net assets:					
Capital Replacement Reserve	74,527	13,762	6,666	(42,959)	38,664
Community Impact Reserve	54,469	50,000	58,851	74,430	120,046
Community Reserve Fund	4,952,002	409,088	-	(207,158)	5,153,932
Pension Plan Obligation	656,020	-	60,476	-	595,544
Southside Reserve Fund	36,378	-	4,685	-	31,694
United Way Operations	<u>1,828,107</u>	<u>422,387</u>	<u>3,520,062</u>	<u>3,000,125</u>	<u>1,730,557</u>
Total designated net assets	7,601,503	1,556,019	3,650,740	2,163,656	7,670,437
Land, building, and equipment net assets	<u>105,611</u>	<u>-</u>	<u>46,983</u>	<u>42,960</u>	<u>101,589</u>
Total unrestricted net assets	<u>\$ 7,707,114</u>	<u>\$ 1,556,019</u>	<u>\$ 3,697,723</u>	<u>\$ 2,206,616</u>	<u>7,772,026</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets, Continued
Year Ended June 30, 2016

	Balance 6/30/2015	Support and Revenue	Allocations and Expenses	Reclassifications	Balance 6/30/2016
Temporarily restricted net assets:					
Education/Early Care:					
Early Childhood/Smart Beginnings	\$ 93,682	\$ 549,739	\$ 628,473	\$ (9,420)	\$ 5,528
Youth Program Quality Initiative	51,608	137,081	81,429	36,550	143,810
Infant and Toddler	-	48,976	42,909	-	6,067
Income/Financial Stability:					
211 - Information and Referral	-	60,396	59,157	(8)	1,231
Metrocare	11,329	40,125	48,000	-	3,454
THRIVE Collaborative	145,704	57,715	163,398	64,600	104,621
Metrocash	33,345	64,500	101,483	30,400	26,762
Health					
Special Isolation Initiative	34,448	7,559	36,389	35,000	40,618
Annual Campaign designated for future periods	35,292	6,636,494	4,180,634	(2,363,738)	127,414
Other					
Strategic Engagement	13,962	-	3,116	-	10,847
	<u>419,370</u>	<u>7,602,585</u>	<u>5,344,988</u>	<u>(2,206,616)</u>	<u>470,352</u>
Permanently restricted net assets:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,126,484</u>	<u>\$ 9,158,604</u>	<u>\$ 9,042,710</u>	<u>\$ -</u>	<u>\$ 8,242,378</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule 1
Summary of Community Initiatives
Year Ended June 30, 2016

	Education / Children and Youth				Health	Income / Financial Stability				Misc Programs*	Program Expenses
	Early Care /				Social Isolation	Metrocash	2-1-1	Other	Total	Other	Total
	Infant & Toddler	Ready by 21	Smart Beginnings	Total							
Salaries	\$ 29,985	\$ -	\$ 29,309	\$ 59,294	\$ -	\$ 78,026	\$ 41,430	\$ -	\$ 119,456	\$ 69,517	\$ 248,267
Health and retirement benefits	6,137	-	10,373	16,510	-	6,726	8,314	-	15,040	6,761	38,311
Payroll taxes	1,763	-	2,242	4,005	-	5,382	2,869	-	8,251	5,437	17,693
Specific program expenses	-	39,099	538,100	577,199	25,000	-	-	208,500	208,500	65,521	876,220
Pension obligation	-	-	-	-	-	-	-	-	-	60,476	60,476
Professional fees	2,010	31,500	30,447	63,957	160	-	-	5,130	5,130	1,070	70,317
Supplies	56	105	-	161	-	5,831	6	-	5,837	211	6,209
Telephone	83	-	-	83	-	-	-	-	-	1,713	1,796
Postage and shipping	911	-	-	911	-	-	103	-	103	-	1,014
Occupancy	-	-	10,096	10,096	-	-	342	-	342	8,801	19,239
Equipment maintenance	-	-	-	-	-	-	-	-	-	7,454	7,454
Printing and publications	1,593	249	1,175	3,017	(146)	3,286	568	1,035	4,889	4,676	12,436
Travel and related expenses	371	7,527	1,337	9,235	10,104	681	5,276	(3,876)	2,081	345	21,765
Conferences and meetings	-	2,948	-	2,948	172	1,551	199	3,665	5,415	2,090	10,625
Depreciation expense	-	-	-	-	-	-	-	-	-	15,661	15,661
Miscellaneous	-	-	-	-	-	-	50	60	110	5,706	5,816
Total before UWA dues	42,909	81,428	623,079	747,416	35,290	101,483	59,157	214,514	375,154	255,439	1,413,299
United Way of America dues	-	-	5,393	5,393	-	-	-	-	-	16,379	21,772
Total functional expenses	\$ 42,909	\$ 81,428	\$ 628,472	\$ 752,809	\$ 35,290	\$ 101,483	\$ 59,157	\$ 214,514	\$ 375,154	\$ 271,818	\$ 1,435,071

*Misc programs include labor, directors & officers insurance, pension contributions, a prorated portion of depreciation and United Way dues.

Note: The Organization distributes allocable expenses based on the number of full-time employees amongst the various functional areas.

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule 1
Summary of Community Initiatives
Year Ended June 30, 2015

	Education / Children and Youth				Health			Income / Financial Stability					Misc Programs*	Program Expenses
	Early Care /				Social Isolation	Food Initiatives	Total	Metrocash / EITC	Energy Share	2-1-1	Other	Total	Other	Total
	Infant & Toddler	Ready by 21	Smart Beginnings	Total										
Salaries	\$ 39,757	\$ -	\$ 104,561	\$ 144,318	\$ -	\$ -	\$ -	\$ 73,951	\$ -	\$ 40,600	\$ 2,785	\$ 117,336	\$ 69,125	\$ 330,779
Health and retirement benefits	6,617	-	25,618	32,235	-	-	-	3,376	-	7,259	-	10,635	6,576	49,446
Payroll taxes	3,124	-	8,040	11,164	-	-	-	5,341	-	3,418	213	8,972	5,606	25,742
Specific program expenses	-	52,646	481,917	534,563	41,780	22,000	63,780	10,400	64,822	-	45,898	121,120	18,097	737,560
Contract labor	-	-	-	-	-	-	-	1,635	-	-	-	1,635	-	1,635
Pension obligation	-	-	-	-	-	-	-	-	-	-	-	-	55,605	55,605
Professional fees	-	-	40,381	40,381	-	-	-	-	-	-	-	-	196	40,577
Supplies	67	27	1,819	1,913	1,598	-	1,598	6,633	-	-	-	6,633	1,528	11,672
Telephone	167	-	600	767	-	-	-	-	-	-	-	-	1,757	2,524
Postage and shipping	875	-	-	875	-	-	-	-	-	175	-	175	612	1,662
Occupancy	-	-	11,534	11,534	-	-	-	-	-	1,369	-	1,369	9,314	22,217
Equipment maintenance	495	-	-	495	-	-	-	506	-	-	-	506	3,293	4,294
Printing and publications	5,129	-	15,751	20,880	-	106	106	8,357	-	-	-	8,357	-	29,343
Travel and related expenses	501	15,205	1,824	17,530	-	-	-	3,424	-	4,879	122	8,425	1,673	27,628
Conferences and meetings	-	6,676	2,385	9,061	-	894	894	1,814	-	684	6,778	9,276	1,856	21,087
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	9,484	9,484
Miscellaneous	-	-	-	-	-	-	-	30	-	-	-	30	-	30
Total before UWA dues	56,732	74,554	694,430	825,716	43,378	23,000	66,378	115,467	64,822	58,384	55,796	294,469	184,722	1,371,285
United Way of America dues	-	-	-	-	-	-	-	-	-	-	-	-	21,729	21,729
Total functional expenses	\$ 56,732	\$ 74,554	\$ 694,430	\$ 825,716	\$ 43,378	\$ 23,000	\$ 66,378	\$ 115,467	\$ 64,822	\$ 58,384	\$ 55,796	\$ 294,469	\$ 206,451	\$ 1,393,014

*Misc programs include labor, directors & officers insurance, pension contributions, a prorated portion of depreciation and United Way dues.

Note: The Organization distributes allocable expenses based on the number of full-time employees amongst the various functional areas.

See report of independent accountants.