



**United Way
of Greater Union County**

FINANCIAL STATEMENTS

AUGUST 31, 2015

**UNITED WAY OF GREATER UNION COUNTY
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AUGUST 31, 2015**

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Independent Auditors' Report

The Board of Trustees,
United Way of Greater Union County:

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Greater Union County (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Greater Union County as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Greater Union County's 2014 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated February 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations* and the New Jersey Department of Treasury Circular Letter 04-04 OMB, 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.

Report on Other Legal and Regulatory Reports

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2016 on our consideration of United Way of Greater Union County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Greater Union County's internal control over financial reporting and compliance.



January 20, 2016

UNITED WAY OF GREATER UNION COUNTY
Statements of Financial Position
August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents (note 2)	\$ 202,495	\$ 235,935
Restricted cash - fiduciary funds (note 12)	5,882	5,882
Contributions and grants receivable, net of allowance for uncollectible amounts of \$135,949 in 2015 and \$115,948 in 2014 (note 3)	1,256,293	829,222
Other receivables	3,792	8,331
Other assets	42,873	59,050
Beneficial interest in perpetual trust (note 7)	1,702,911	1,769,050
Investments (notes 4 and 6)	643,851	816,238
Land, building and equipment, net (note 5)	<u>155,146</u>	<u>194,894</u>
Total assets	<u>\$ 4,013,243</u>	<u>\$ 3,918,602</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 185,777	\$ 75,003
Line of credit (note 10)	51,900	196,900
Distributions payable (note 14)	547,272	693,886
Deferred revenue - government grants	236,645	550
Pension liabilities (note 9)	266,038	181,552
Designations payable (note 11)	391,493	207,322
Fiduciary funds payable (note 12)	<u>5,882</u>	<u>5,882</u>
Total liabilities	<u>1,685,007</u>	<u>1,361,095</u>
 Net assets:		
Unrestricted	152,356	245,433
Temporarily restricted (note 7)	472,969	543,024
Permanently restricted (notes 6 and 7)	<u>1,702,911</u>	<u>1,769,050</u>
Total net assets	<u>2,328,236</u>	<u>2,557,507</u>
 Total liabilities and net assets	 <u>\$ 4,013,243</u>	 <u>\$ 3,918,602</u>

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF GREATER UNION COUNTY
Statement of Activities
For The Year Ended August 31, 2015
(With Summarized Comparative Information for August 31, 2014)

	2015			2014	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Revenue:					
Regular campaign contributions/grants	\$ 2,123,890	\$ 290,000	\$ --	\$ 2,413,890	\$ 2,432,291
Prior year	<u>350</u>	<u>--</u>	<u>--</u>	<u>350</u>	<u>1,216</u>
Total campaign contributions	2,124,240	290,000	--	2,414,240	2,433,507
Donor designated contributions	(1,207,079)	--	--	(1,207,079)	(1,327,615)
Estimated uncollectible contributions	<u>(169,513)</u>	<u>--</u>	<u>--</u>	<u>(169,513)</u>	<u>(329,895)</u>
Campaign contributions revenue, net	<u>747,648</u>	<u>290,000</u>	<u>--</u>	<u>1,037,648</u>	<u>775,997</u>
Special events revenue	33,897	--	--	33,897	91,664
Less special events expense	<u>(18,327)</u>	<u>--</u>	<u>--</u>	<u>(18,327)</u>	<u>(39,548)</u>
Net special events revenue	<u>15,570</u>	<u>--</u>	<u>--</u>	<u>15,570</u>	<u>52,116</u>
Other revenue					
Interest and dividend income (note 4)	14,955	--	--	14,955	10,039
Income distribution from perpetual trusts	32,482	--	--	32,482	44,505
Government grants	1,322,973	--	--	1,322,973	1,410,795
Other grants	23,625	407,757	--	431,382	446,833
Bequests	500,000	--	--	500,000	--
Donated materials and supplies	150	--	--	150	1,436
Contract cost recovery	22,369	--	--	22,369	22,370
Service fee revenue	11,852	--	--	11,852	9,662
Incoming designation revenue	442,215	--	--	442,215	481,035
Net assets released from restrictions:					
Other grants	<u>767,812</u>	<u>(767,812)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other revenue	<u>3,138,433</u>	<u>(360,055)</u>	<u>--</u>	<u>2,778,378</u>	<u>2,426,675</u>
Total revenue	<u>3,901,651</u>	<u>(70,055)</u>	<u>--</u>	<u>3,831,596</u>	<u>3,254,788</u>
Operating:					
Program services:					
Distributions to agencies in Greater Union County	1,651,068	--	--	1,651,068	1,838,421
Less donor designated contributions	<u>(1,207,079)</u>	<u>--</u>	<u>--</u>	<u>(1,207,079)</u>	<u>(1,327,615)</u>
Net distributions to agencies in Greater Union County	443,989	--	--	443,989	510,806
Direct program services	<u>2,851,487</u>	<u>--</u>	<u>--</u>	<u>2,851,487</u>	<u>2,615,760</u>
Total program services	<u>3,295,476</u>	<u>--</u>	<u>--</u>	<u>3,295,476</u>	<u>3,126,566</u>
Supporting services:					
General and administration	406,403	--	--	406,403	424,576
Fund-raising	<u>194,876</u>	<u>--</u>	<u>--</u>	<u>194,876</u>	<u>275,571</u>
Total supporting services	<u>601,279</u>	<u>--</u>	<u>--</u>	<u>601,279</u>	<u>700,147</u>
Total operating expenses	<u>3,896,755</u>	<u>--</u>	<u>--</u>	<u>3,896,755</u>	<u>3,826,713</u>
Change in net assets before non-operating activities	<u>4,896</u>	<u>(70,055)</u>	<u>--</u>	<u>(65,159)</u>	<u>(571,925)</u>
Non-operating:					
Pension related (gains) charges: (note 9)					
Direct program services	46,861	--	--	46,861	(14,448)
Supporting services:					
General and administration	17,743	--	--	17,743	(5,047)
Fund-raising	<u>9,583</u>	<u>--</u>	<u>--</u>	<u>9,583</u>	<u>(3,942)</u>
Total pension related changes	74,187	--	--	74,187	(23,437)
Net realized and unrealized loss (income) on investments and beneficial interest in perpetual trusts (notes 4 and 7)	<u>23,786</u>	<u>--</u>	<u>66,139</u>	<u>89,925</u>	<u>(235,893)</u>
Total non-operating	<u>97,973</u>	<u>--</u>	<u>66,139</u>	<u>164,112</u>	<u>(259,330)</u>
Change in net assets	(93,077)	(70,055)	(66,139)	(229,271)	(312,595)
Net assets as of beginning of year	<u>245,433</u>	<u>543,024</u>	<u>1,769,050</u>	<u>2,557,507</u>	<u>2,870,102</u>
Net assets as of end of year	<u>\$ 152,356</u>	<u>\$ 472,969</u>	<u>\$ 1,702,911</u>	<u>\$ 2,328,236</u>	<u>\$ 2,557,507</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Functional Expenses
For the Year Ended August 31, 2015
(With Summarized Comparative Information for August 31, 2014)

	2015											2014			
	Volunteer Engagement	Family Strength- ening	Government grant Distribution	Community Investment	Other Com Impact Initiatives	Communi- cations for Community Impact	Total direct program services	Supporting services					Total supporting services	Total	Total
								General and administration	General	Fund-raising Communications	Total	Total			
Distributions													\$ 443,989	\$ 510,806	
Salaries	\$ 48,732	\$ 115,160	\$ 241,665	\$ 48,197	\$ 241,204	\$ 58,908	\$ 753,866	\$ 153,695	\$ 72,296	\$ 10,711	\$ 83,007	\$ 236,702	990,568	895,256	
Tax and fringe benefits	15,347	35,206	56,158	15,178	53,114	18,550	193,553	48,400	22,767	3,373	26,140	74,540	268,093	242,051	
Total salaries and related expenses	64,079	150,366	297,823	63,375	294,318	77,458	947,419	202,095	95,063	14,084	109,147	311,242	1,258,661	1,137,307	
Contract services	9,736	30,197	75,123	9,629	25,273	11,769	161,727	91,349	14,444	2,140	16,584	107,933	269,660	307,156	
Transportation/meetings	2,837	6,173	7,199	2,814	10,003	3,430	32,456	9,217	6,602	624	7,226	16,443	48,899	56,698	
Campaign/communications	4,577	9,767	3,772	4,526	11,105	5,532	39,279	14,434	12,827	1,006	13,833	28,267	67,546	44,933	
Agency vehicles	555	1,048	457	549	1,341	670	4,620	1,749	823	122	945	2,694	7,314	16,664	
Professional development & conferences	713	1,348	588	706	1,725	862	5,942	2,250	1,283	157	1,440	3,690	9,632	21,840	
Office supplies	612	8,972	13,341	605	2,356	739	26,625	1,929	907	134	1,041	2,970	29,595	24,733	
Telephone	1,312	4,511	4,501	1,297	4,669	1,585	17,875	4,136	1,946	288	2,234	6,370	24,245	15,500	
Postage	238	450	343	235	575	287	2,128	750	353	52	405	1,155	3,283	3,306	
Buildings and grounds	5,217	116,759	43,354	5,160	13,137	6,307	189,934	16,455	7,740	1,147	8,887	25,342	215,276	142,184	
Administration printing	78	172	65	78	190	95	678	247	116	17	133	380	1,058	6,662	
Recognition awards	37	70	31	37	90	45	310	117	80	8	88	205	515	739	
Subscriptions	870	1,645	717	861	2,104	1,052	7,249	2,745	1,291	191	1,482	4,227	11,476	14,328	
Insurance	1,294	2,446	10,677	1,280	5,102	1,564	22,363	4,082	1,920	284	2,204	6,286	28,649	30,787	
Equipment expenses	2,986	6,596	5,945	2,953	7,219	3,610	29,309	9,418	4,430	656	5,086	14,504	43,813	44,645	
Computer expenses	1,784	4,052	6,470	1,764	4,313	2,156	20,539	5,626	2,647	392	3,039	8,665	29,204	25,042	
Building project expense	758	1,433	625	750	1,833	917	6,316	2,392	1,125	167	1,292	3,684	10,000	10,001	
United Way of America dues	3,271	6,182	2,695	3,235	7,907	3,953	27,243	10,315	4,852	719	5,571	15,886	43,129	41,894	
Pension expense	2,997	5,664	2,470	2,964	7,245	3,622	24,962	9,451	4,446	659	5,105	14,556	39,518	38,866	
Payments to subrecipients and other agencies	486	112,761	824,265	480	327,333	587	1,265,912	1,532	721	107	828	2,360	1,268,272	1,267,657	
Other expenses	1,782	3,495	1,470	1,762	4,184	2,157	14,850	6,352	2,642	391	3,033	9,385	24,235	26,215	
Total expenses before depreciation, shared expenses, pension related changes and distributions and grants	106,219	474,107	1,301,931	105,060	732,022	128,397	2,847,736	396,641	166,258	23,345	189,603	586,244	3,433,980	3,277,157	
Depreciation of furniture and equipment	3,095	5,851	2,551	3,061	7,483	3,742	25,783	9,762	4,592	681	5,273	15,035	40,818	61,986	
Total expenses before shared expenses, pension related changes and distributions and grants	109,314	479,958	1,304,482	108,121	739,505	132,139	2,873,519	406,403	170,850	24,026	194,876	601,279	3,474,798	3,339,143	
Expenses shared with affiliates and others:															
Consulting contract	--	--	(22,032)	--	--	--	(22,032)	--	--	--	--	--	(22,032)	(23,236)	
Total direct program expenses before distributions and grants	109,314	479,958	1,282,450	108,121	739,505	132,139	2,851,487	406,403	170,850	24,026	194,876	601,279	3,452,766	3,315,907	
Change in pension related changes reported as nonoperating	5,626	10,633	4,637	5,564	13,601	6,800	46,861	17,743	8,346	1,237	9,583	27,326	74,187	(23,437)	
Total direct program expenses before distributions	\$ 114,940	\$ 490,591	\$ 1,287,087	\$ 113,685	\$ 753,106	\$ 138,939	\$ 2,898,348	\$ 424,146	\$ 179,196	\$ 25,263	\$ 204,459	\$ 628,605	\$ 3,526,953	\$ 3,292,470	

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statements of Cash Flows
For the Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (229,271)	\$ (312,595)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	40,818	61,988
Provision for uncollectible pledges	169,513	329,895
Net realized and unrealized loss (gain) on:		
Investments	23,786	(94,230)
Beneficial interest in perpetual trusts	66,139	(141,663)
Change in:		
Contributions receivable	(596,584)	199,661
Other receivables	4,539	(6,554)
Other assets	16,177	(11,115)
Accounts payable	110,774	23,757
Distributions payable	(146,614)	(40,664)
Deferred revenue - government grants	236,095	550
Designations payable	184,171	20,389
Pension liabilities	84,486	(13,572)
Net cash (used) provided by operating activities	<u>(35,971)</u>	<u>15,847</u>
Cash flows from investing activities:		
Proceeds from (purchases) of short term investments, net	(690,959)	(3,955)
Proceeds from sales of short term investments, net	839,560	--
Purchases of furniture and equipment	<u>(1,070)</u>	<u>(4,863)</u>
Net cash provided (used) by investing activities	<u>147,531</u>	<u>(8,818)</u>
Cash flows from financing activities:		
Change in line of credit, net	<u>(145,000)</u>	<u>150,103</u>
Net change in cash and cash equivalents	(33,440)	157,132
Cash and cash equivalents, at beginning of year	<u>235,935</u>	<u>78,803</u>
Cash and cash equivalents, at end of year	<u>\$ 202,495</u>	<u>\$ 235,935</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 6,147	\$ 6,069

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 1 - Summary of Significant Accounting Policies:

Nature of the Organization

United Way of Greater Union County ("UWGUC") is a New Jersey voluntary, not-for-profit organization whose principal activities are resource development, community impact and the support of voluntary health and welfare agencies which provide services in the community. UWGUC is an organization described under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from Federal income taxes under Section 501(a) of the Code. UWGUC is governed by a volunteer Board of Trustees.

Accounting Method

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared to focus on UWGUC as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by UWGUC. Generally, the donors of these assets permit the use of all or part of the income and gains on the related investments for general or specific purposes (Note 7).
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of UWGUC or by the passage of time (Note 7).
- Unrestricted net assets - net assets not subject to any donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

UWGUC accounts for contract and grant revenues, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. Dollars not expended in accordance with the grant or contracts are recorded as a liability to the grantor as UWGUC does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as deferred revenue - government grants in the statements of financial position.

Non-operating Activity

It is the policy of UWGUC to record the actuarially determined pension-related net gain or loss, and the settlement gain or loss, if any, for the UWGUC pension plan as a non-operating activity in the statement of activities. Additionally, the activity relating to the increase or decrease in the market value of investments and beneficial interest in perpetual trusts is included in non-operating activity and the net change is not allocated to functional areas. The net periodic benefit cost is reflected as an operating expense.

Contributions

Unconditional promises to give are recognized as revenue in the period received.

Grants received from foundations and other nongovernmental agencies that are temporarily restricted for time or purpose are recognized in the fiscal period received, and are restricted to align with the direction of the donor.

Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. Contributions receivable are expected to be received within one year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 1 - Summary of Significant Accounting Policies:

Donors can choose to designate that their contributions be distributed to a specific organization or another United Way. Such contributions are referred to as donor directed contributions. The collection of these contributions and distributions to specified agencies or United Ways are transactions in which UWGUC is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in regular campaign contributions on the statement of activities and then deducted as donor designated contributions before arriving at campaign contributions revenue. Donor designations received by the United Way Of Greater Union County are recorded as incoming designation revenue.

Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, such prior year information is presented in total but not by net asset class. With respect to the statement of functional expenses, comparative prior year expenses are presented by object in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWGUC's financial statements for the year ended August 31, 2014, from which the summarized information was derived.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less at date of acquisition.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statement of activities as non-operating activities.

Grants

Grants from governmental agencies are recorded as revenue when granted to the sub-recipient, i.e. expended. UWGUC retains a portion of grant revenue to recover program direct and indirect operating costs.

Beneficial Interests in Perpetual Trusts

Amounts recorded as beneficial interest in perpetual trusts are measured based on the fair value of assets contributed to the trusts as of August 31, 2015. Annual distributions from the trusts are reported as investment income that increase unrestricted net assets, and changes in the fair value of the assets are recognized as net realized and unrealized gain (loss) on beneficial interest in perpetual trusts that increase or decrease permanently restricted net assets in the statement of activities.

Land, Building and Equipment

Building and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty-five years.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, are included in property and equipment.

UWGUC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in these financial statements.

Community Investment Funds

Total dollars available for Community Investment Funds are approved by the Finance Committee and the Board of Trustees. The Community Investment Committee has a responsibility for oversight for all awards from the Community Investment Fund.

Community Investment funds, which are included in distributions to agencies in Greater Union County, are recorded as expenses when they are approved by the Board of Trustees and are generally payable within one year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 1 - Summary of Significant Accounting Policies:

Deferred Revenue - Government Grants

Deferred revenue - government grants represents program service revenue received in advance of services being rendered and is recognized in the period in which the services are rendered.

Shared Expenses

United Way of Greater Union County has a shared expense arrangement where employees perform operational services for other United Ways and UWGUC is reimbursed for those services. The expenditures related to these services are recorded as an offset to expenses in the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing the program and supporting services of UWGUC have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the functional categories benefited.

Concentration of Credit Risk

UWGUC maintains various bank and brokerage accounts. At times amounts in those accounts may be in excess of the Federal Deposit Insurance Corporation insured limit. Management monitors the soundness of the institutions and has not experienced any loss to date.

Thirty-three percent and forty-one percent of revenue was derived from cost reimbursement type state grants for the years ended August 31, 2015 and 2014, respectively.

Donated Services

A substantial number of volunteers have donated their time to UWGUC's program services and its fund-raising and administrative functions. No amounts have been included in the accompanying financial statements for donated services since such services do not meet recognition criteria for inclusion in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates in the financial statements include the allowance for doubtful accounts and the assumptions associated with the defined benefit plan obligation. Actual results could differ from those estimates.

Income Taxes

UWGUC is a not-for-profit corporation that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and New Jersey taxation codes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. UWGUC had no unrecognized tax benefits for the years ended August 31, 2015 and 2014. Furthermore, UWGUC had no unrecognized tax benefits at August 31, 2015 and 2014. UWGUC has no income tax related penalties or interest for the periods reported in the financial statements

Note 2 - Cash and Cash Equivalents:

A summary of cash and cash equivalents is as follows as of August 31:

	<u>2015</u>	<u>2014</u>
Cash	\$ 188,335	\$ 82,240
Money market accounts	<u>14,160</u>	<u>153,695</u>
Total	<u>\$ 202,495</u>	<u>\$ 235,935</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 3 - Contributions Receivable:

Contributions receivable, expected to be received in the next fiscal year, consist of the following at August 31:

	2015	2014
2012-2013 Campaign	\$ 13,687	\$ 84,541
2013-2014 Campaign	73,857	860,629
2014-2015 Campaign	<u>1,304,698</u>	<u>--</u>
	1,392,242	945,170
Less, allowance for uncollectible amounts	<u>(135,949)</u>	<u>(115,948)</u>
	<u>\$ 1,256,293</u>	<u>\$ 829,222</u>

Contributions receivable are unconditional promises to give by individuals, corporations and foundations, and amounts collected by third parties on behalf of UWGUC and its member agencies that have not yet been received. In addition, UWGUC has received conditional pledges from foundations that have been recorded as temporarily restricted net assets.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. In addition, amounts collected by third parties on behalf of UWGUC and its member agencies are reduced by amounts deemed to be uncollectible by the third party collector. Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management's discretion.

Note 4 - Investments:

Investments at August 31, 2015 and 2014, amounting to \$643,851 and \$816,238, respectively are stated at fair market value.

Recurring Fair Value Measurements

Pursuant to the accounting standards related to fair value measurements, UWGUC has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2015, along with the basis for the determination of fair value:

	Total	Basis for Valuation		
		Level 1 - Quoted Prices in Active Markets	Level 2 - Observable Measurement Criteria	Level 3 - Unobservable Measurement Criteria
Fixed income	\$ 252,318	\$ 252,318	\$ --	\$ --
Equity securities	<u>391,533</u>	<u>391,533</u>	<u>--</u>	<u>--</u>
	<u>\$ 643,851</u>	<u>\$ 643,851</u>	<u>\$ --</u>	<u>\$ --</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 4 – Investments (Continued):

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2014, along with the basis for the determination of fair value:

	<u>Total</u>	<u>Basis for Valuation</u>		
		<u>Level 1 - Quoted Prices in Active Markets</u>	<u>Level 2 - Observable Measurement Criteria</u>	<u>Level 3 - Unobservable Measurement Criteria</u>
Fixed income	\$ 269,085	\$ 269,085	\$ --	\$ --
Equity securities	547,153	547,153	--	--
	<u>\$ 816,238</u>	<u>\$ 816,238</u>	<u>\$ --</u>	<u>\$ --</u>

Approximately 26 percent of the UWGUC total investments are held in two bond mutual funds. All other holdings are less than 10 percent of total investments.

Investment income, exclusive of amounts received related to the perpetual interests in beneficial trusts, consists of the following for the years ending August 31:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 14,955	\$ 10,039
Unrealized (loss) gain	(23,786)	94,230
	<u>\$ (8,831)</u>	<u>\$ 104,269</u>

Note 5 – Land, Building and Equipment:

Building and equipment includes the following as of August 31:

	<u>2015</u>	<u>2014</u>
Building	\$ 410,768	\$ 410,768
Equipment	382,762	381,692
Less: Accumulated depreciation	(638,384)	(597,566)
Building, and equipment, net	<u>\$ 155,146</u>	<u>\$ 194,894</u>

Note 6 – Endowment Funds:

UWGUC's endowment consists of funds established to support children's initiatives and the Community Investment Fund. Its endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. UWGUC's endowment funds consisted of unrestricted and permanently restricted net assets. All unrestricted endowment funds are board designated.

Interpretation of Relevant Law

In accordance with New Jersey Uniform Prudent Management of Institutional Funds Act ("NJUPMIFA"), UWGUC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of UWGUC and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of UWGUC
7. The investment policies of UWGUC

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 6 – Endowment Funds (Continued):

Management has interpreted NJUPMIFA to require the preservation of the purchasing power of donor endowment funds in those cases where the donor intent is not clear.

Spending Policy and How the Investment Objectives Relate to Spending Policy

All revenue derived from endowment funds are included in the pool of discretionary funds used to provide distributions to qualified programs on an annual basis. UWGUC has an investment policy that determines return objectives and risk parameters, strategies employed for achieving objectives, and a spending policy.

Funds with Deficiencies

There were no individual donor-restricted endowment funds with a deficiency as of August 31, 2015.

Changes in endowment net assets for the year ended August 31, 2015 are as follows:

	2015		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 828,202	\$ --	\$ 828,202
Investment return			
Realized and unrealized loss	(23,785)	--	(23,785)
Appropriation of endowment assets for expenditure	<u>(125,000)</u>	<u>--</u>	<u>(125,000)</u>
Endowment net assets, end of year	<u>\$ 679,417</u>	<u>\$ --</u>	<u>\$ 679,417</u>

Changes in endowment net assets for the year ended August 31, 2014 are as follows:

	2014		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 733,972	\$ --	\$ 733,972
Investment return			
Unrealized gain	94,230	--	94,230
Investment income	19,686	--	19,686
Appropriation of endowment assets for expenditure	<u>(19,686)</u>	<u>--</u>	<u>(19,686)</u>
Endowment net assets, end of year	<u>\$ 828,202</u>	<u>\$ --</u>	<u>\$ 828,202</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 7 - Restrictions on Net Assets:

Temporarily restricted net assets are available for the following purposes as of August 31:

	<u>2015</u>	<u>2014</u>
Volunteer/Job Fair grant	\$ 16,752	\$ 16,752
Emergency aid	--	7,067
Haiti Relief	--	502
Family success initiative/time restrictions	385,228	351,566
Union County long-term recovery grant	70,959	161,394
Family strengthening initiatives	30	5,743
Total	<u>\$ 472,969</u>	<u>\$ 543,024</u>

Temporarily restricted net assets from grants were released for the following purposes as of August 31:

	<u>2015</u>	<u>2014</u>
Volunteer/Job Fair grant	\$ --	\$ 3,640
Hurricane Sandy Relief	--	95,008
Haiti Relief	6,462	--
Emergency Aid	9,122	13,073
Family success initiative/time restrictions	273,019	318,532
Union County long-term recovery grant	439,191	131,619
Nurse Family Partnership	--	10,000
Flex Fund Grant	2,500	--
Family strengthening initiatives	37,518	56,196
Utility Assistance Program	--	20,000
Total	<u>\$ 767,812</u>	<u>\$ 648,068</u>

Permanently restricted net assets as of August 31, and the designation of the related income are as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted Purposes:		
Beneficial interest in perpetual trusts	<u>\$ 1,702,911</u>	<u>\$ 1,769,050</u>

Beneficial interest in perpetual trusts comprises six trusts held in perpetuity by PNC Bank. In addition, one trust is held in perpetuity by Bank of America for which the former merged entity of United Way of Summit, New Providence, and Berkeley Heights was a beneficiary. The amounts held in trust are resources that are neither in the possession of nor under the management of UWGUC, but are held and administered by an external fiscal agent. UWGUC receives revenues from the trusts to be used for unrestricted purposes based on annual earnings of assets. The change in fair value of trust assets was a loss of \$66,139 and a gain of \$141,663 for the years ended August 31, 2015 and 2014, respectively and is included in net realized and unrealized loss on investments and beneficial interest in perpetual trusts for the years then ended.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 7 - Restrictions on Net Assets (Continued):

The following is a summary of the fair value, based on quoted market prices, of the UWGUC beneficial interest in the corpus of these trusts as of August 31:

	<u>2015</u>	<u>2014</u>
Jessie Munger	\$ 855,550	\$ 886,117
John J. Burling	93,832	99,033
Walter L. Glenney	126,486	115,365
Grace N. and Harry H. Pond	119,950	119,866
Dorothy F. Waring	94,132	101,307
Dorothy Leal	--	31,300
Joseph L. Snyder	412,961	416,002
Total	<u>\$ 1,702,911</u>	<u>\$ 1,769,050</u>

Note 8 - Affiliations:

UWGUC was a participant of United Ways of the New York, Connecticut and New Jersey Region which was formed to consolidate and coordinate fundraising for the charitable activities of autonomous local United Ways in New Jersey, New York, and Connecticut.

United Ways of the New York, Connecticut and New Jersey Region's formula provided for sharing unrestricted campaign contributions from coordinated system-wide accounts. Campaign contributions raised from local non-coordinated accounts were retained by the local United Way raising them and were not available for sharing through the United Ways of the New York, Connecticut and New Jersey Region distribution formula. Coordinated system-wide accounts contributions were segregated into restricted and unrestricted funds based on the donor's directions. Restricted contributions, less a processing fee, were distributed directly to the appropriate organization and did not affect the distribution of unrestricted contributions.

Unrestricted contributions from coordinated system-wide accounts are distributed to the participants based on a "where raised factor", a "community need factor", and grant funding for community impact work. Currently, United Way of America and Trust are managing the formula distribution and restricted giving, respectively, for subsequent campaign years.

UWGUC is a member of the United Way Worldwide ("UWWW"), a related organization. During 2015 and 2014, fees paid to the UWWW, were \$43,128 and \$41,894, respectively. In addition, approximately \$10,019 and \$21,940 were included in accounts payable as of August 31, 2015 and 2014, respectively.

Note 9 - Pension Plan:

UWGUC has a noncontributory defined benefit pension plan covering all employees who have attained age 21 and have at least one year of service. UWGUC's funding policy provides that payments to the pension plan shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 plus additional amounts which may be approved by UWGUC from time to time.

Accounting standards require that the measurement date be as of the statement of financial position date. UWGUC utilized a measurement date of August 31, for 2015 and 2014 for measuring plan assets and obligations.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 9 - Pension Plan (Continued):

A summary of the plan's benefit obligation at August 31, is as follows:

	<u>2015</u>	<u>2014</u>
<i>Benefit Obligation:</i>		
Projected Benefit Obligation	\$ 1,041,603	\$ 1,017,147
Fair Value of plan assets	<u>775,565</u>	<u>835,595</u>
Funded status recognized in the statements of financial position as a pension liability	<u>\$ (266,038)</u>	<u>\$ (181,552)</u>
Accumulated Benefit Obligation	<u>\$ 1,041,603</u>	<u>\$ 1,017,147</u>

The amounts of benefit payments, and benefit cost reflected in the statement of activities were as follows for the years ended August 31:

	<u>2015</u>	<u>2014</u>
Net periodic pension cost:		
Interest cost	\$ 55,106	\$ 56,540
Prior Service cost	\$ 225	\$ 225
Expected Return on Assets	\$ (65,630)	\$ (66,630)
Benefits paid	\$ 30,437	\$ 244,874
Expense charges	\$ --	\$ --

Assumptions are as follows as of August 31:

	<u>2015</u>	<u>2014</u>
Measurement date	8/31/2015	8/31/2014
Discount rate	5.50%	5.50%
Rate of increase in compensation level	0.00%	0.00%
Expected long-term rate of return on plan assets	8.00%	8.00%

Non-operating pension related changes:

Net change in net assets of plan	\$ 84,486	\$ (13,572)
Net periodic pension cost	<u>(10,299)</u>	<u>(9,865)</u>
Total non-operating	<u>\$ 74,187</u>	<u>\$ (23,437)</u>

Amounts not yet reflected as a component of net periodic benefit cost as of August 31:

	<u>2015</u>	<u>2014</u>
1. Transition obligation or asset	\$ --	\$ --
2. Net prior service cost or credit	\$ 1,176	\$ 1,401
3. Net loss (gain)	\$ 44,279	\$ (40,572)

No plan assets are expected to be returned to the employer during the September 1, 2015 to August 31, 2016 fiscal year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 9 - Pension Plan (Continued):

The following table discloses the amount of benefits expected to be paid in future years:

<u>Year</u>	<u>Amount</u>
2016	\$ 21,253
2017	\$ 25,667
2018	\$ 25,667
2019	\$ 25,667
2020	\$ 37,260
2021 - 2025	\$ 280,872

Plan assets comprise the following as of August 31:

	<u>2015</u>	<u>2014</u>
Equity-funds	\$ 452,424	\$ 523,063
General account-fixed income	323,141	312,532
Total	<u>\$ 775,565</u>	<u>\$ 835,595</u>

Mutual of America has been contracted to provide investment management services for the pension plan assets. The contract provides for a General Account and investment alternatives under Mutual of America's Separate Account No. 1. The amounts maintained under the contract shall be managed as a balanced fund and shall be diversified among and with principal classes of investment. The plan assets are managed with a long-term asset mix guideline of 60 percent equity alternatives and 40 percent in the general account. Also, plan assets are managed on a total return basis.

The UWGUC Defined Benefit Pension Plan was amended effective December 31, 2010 to freeze future participation and benefit credit. As part of that amendment, there were new minimum benefits established for some employees. Accordingly, additional benefits accruing to the 'plan' discontinued effective January 1, 2011.

A Defined Contribution Plan 401(k) plan superseded the Defined Benefit Plan effective January 1, 2011. Amounts equal to 3 percent of gross salaries for employees for up to 5 years of service and 6 percent of gross salaries for employees with 5 or more years of service will be contributed by the employer. Eligible employees may elect to make voluntary salary deferrals to their respective 401(k) account. UWGUC contributed \$18,711 and \$20,647 during the years ended August 31, 2015 and 2014, respectively.

Note 10 – Line of Credit:

UWGUC entered into a \$250,000 revolving line of credit with Bank of America for seasonal operating needs through January 2016. The line provides for interest at prime (prime as of August 31, 2015 and 2014 was 3.75 percent and 3.25 percent, respectively) plus 0.75 percent. The outstanding balance as of August 31, 2015 and 2014 was \$51,900 and \$196,900, respectively. The line of credit is due on demand and is collateralized by all assets of UWGUC.

Note 11 - Designations Payable:

At August 31, 2015 and 2014, UWGUC, acting as an intermediary organization, had \$391,493 and \$207,322, respectively, in unspent contributions received on behalf of other United Ways and agencies. These amounts will be sent to agencies and United Ways when restrictions imposed by the donor have been satisfied and when funds have been remitted to UWGUC.

Note 12 - Fiduciary Funds Payable/Restricted Cash:

UWGUC is acting as an intermediary for the donor and has no discretion concerning the use of the assets transferred.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2015

Note 13 - Administrative Cost Ratio (Unaudited):

UWGUC calculates the ratio of support services to total revenue using the data on the IRS Form 990. This form is readily accessible and universally used to calculate the ratio for a nonprofit organization. The calculation method utilized is as follows:

	<u>2015</u>	<u>2014</u>
Supporting services:		
Form 990 line 25, management and general expenses	\$ 424,147	\$ 419,529
Form 990 line 25, fundraising expenses	<u>204,459</u>	<u>271,629</u>
Total supporting service	<u>\$ 628,606</u>	<u>\$ 691,158</u>
Total revenue and support from Form 990 line 12	<u>\$ 5,038,170</u>	<u>\$ 4,627,935</u>
Administrative cost ratio	12.5%	14.9%

Note 14 – Distributions Payable:

This Board approved total program allocations of approximately \$301,000 and \$416,000 for the years ended August 31, 2015 and 2014, respectively, are included in distributions payable. In addition, approximately \$246,000 and \$278,000 of prior year allocations are included in distributions payable for the years ended August 31, 2015 and 2014, respectively

Note 15 – Subsequent Events:

UWGUC has evaluated subsequent events occurring after the statement of financial position date through the date of January 20, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, UWGUC has determined that there are no subsequent events that have occurred, that require disclosure or adjustment to the financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER UNION COUNTY
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2015

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA#/Contract Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
Department of Homeland Security Emergency Food and Shelter Program	32-6034-00	9/1/14 - 8/31/15	\$ 51,375
US Department of Health and Human Services passed through State of NJ Dept of Human Services Nurse Family Partnership	93.505/15EHXP-NFP	9/1/2014 - 8/31/2015	603,935
Department of Housing and Urban Development passed through Union County Bureau of Community Development - CDBG Year 40	14.218/D-12-56-813-321-919	9/1/14 - 8/31/15	113,196
US Department of Justice passed through NJ Dept of Law and Public Safety Celebration of Womanhood Conference	16.540/J-J:13-4-13	1/1/15-9/30-15	49,537
Workforce Investment Act of 1998 (WIA) passed through Union County Council WIA Youth Employment & Training Consortium	17.259/L. 105-220: 20 USC 927C	5/1/15 to 3/31/16	<u>137,560</u>
Total Federal Awards			<u>955,603</u>
State Awards			
State of NJ Dept of Children and Families Family Success Center	15EEXP - FSC	9/1/2014- 8/31/2015	<u>239,537</u>
Total Federal and State Awards			<u>\$ 1,195,140</u>

See Independent Auditors' Report.
See accompanying Notes to Schedule of Federal and State Financial Assistance.

UNITED WAY OF GREATER UNION COUNTY
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2015

1. General Information

The accompanying schedule of expenditures of federal and state awards presents the activities in all the federal awards programs of United Way of Greater Union County. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies or nonprofit organizations are included on the schedule.

2. Basis of Presentation

The accompanying schedule of federal and state financial assistance includes the federal grant activity of United Way of Greater Union County and is presented on the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. Relationship to Basic Financial Statements

Federal and state program expenditures are reported in the statement of functional expenses as program expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule federal and state financial assistance due to capitalization of assets, agency matching or in-kind contributions.

4. Sub recipients

The contract award received from the State of NJ Department of Human Services, as reflected in the accompanying schedule of federal and state financial assistance was subcontracted:

CFDA #	Program Name	Subrecipient Name	Amount Provided to Subrecipients
93.505/14EHXP	Nurse Family Partnership	Partnership for Maternal and Child Health of Northern New Jersey	\$ 603,935

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees,
United Way of Greater Union County:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greater Union County ("UWGUC"), which comprise the statement of financial position as of August 31, 2015, and the statements of activities, functional expenses and cash flows and related notes to the financial statements and have issued our report thereon dated January 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWGUC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UWGUC's internal control. Accordingly, we do not express an opinion on the effectiveness of UWGUC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of UWGUC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWGUC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of UWGUC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UWGUC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 20, 2016

Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Federal Assistance Required by OMB Circular A-133 and New Jersey Department of the Treasury Circular Letter 04-04- OMB

To the Board of Trustees,
United Way of Greater Union County:

Independent Auditors' Report on Compliance for Each Major Federal Program

We have audited United Way of Greater Union County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Greater Union County's major federal programs for the year ended August 31, 2015. United Way of Greater Union County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Greater Union County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey Department of Treasury Circular Letter 04-04 OMB*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Greater Union County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Greater Union County's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Greater Union County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of United Way of Greater Union County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Greater Union County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Greater Union County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



January 20, 2016

UNITED WAY OF GREATER UNION COUNTY
Schedule of Findings and Questioned Costs
August 31, 2015

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major Federal programs:

Federal Awards

Expenditures

US Department of Health and Human Services				
State of NJ Dept of Human Services				
Nurse Family Partnership	93.505	\$	603,935	

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section 2 - Financial Statement Findings

None noted.

Section 3 - Federal Award Findings and Questioned Costs

None noted.

Section 4 - Schedule of Prior Year Findings

None to report.