



**United Way
of Greater Union County**

FINANCIAL STATEMENTS

AUGUST 31, 2016

**UNITED WAY OF GREATER UNION COUNTY
CONTENTS TO FINANCIAL STATEMENTS
AUGUST 31, 2016**

PAGE

Independent Auditors' Report	1-2
Statements of Financial Position August 31, 2016 and 2015.....	3
Statement of Activities For the Year Ended August 31, 2016 (With Summarized Comparative Information for August 31, 2015)	4
Statement of Functional Expenses For the Year Ended August 31, 2016 (With Summarized Comparative Information for August 31, 2015)	5
Statements of Cash Flows For the Years Ended August 31, 2016 and 2015	6
Notes to Financial Statements	7-16
Supplementary Information	
Schedule of Expenditures of Federal and State Awards	17
Notes to Schedule of Expenditures of Federal and State Awards.....	18
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 <i>Government Auditing Standards</i>	19
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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")	20-21
Schedule of Findings and Questioned Costs.....	22

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, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Greater Union County's 2015 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated January 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015 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 accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and by the State of New Jersey Department of Children and Families 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 use 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 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 13, 2017 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 13, 2017

UNITED WAY OF GREATER UNION COUNTY
Statements of Financial Position
August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents (note 2)	\$ 198,278	\$ 202,495
Restricted cash - fiduciary funds (note 12)	5,882	5,882
Contributions receivable, net of allowance for uncollectible amounts of \$102,593 in 2016 and \$135,949 in 2015 (note 3)	834,535	1,256,293
Other receivables	65,450	3,792
Other assets	37,931	42,873
Beneficial interest in perpetual trust (note 7)	1,727,141	1,702,911
Investments (note 4)	673,383	643,851
Land, building and equipment, net (note 5)	<u>117,289</u>	<u>155,146</u>
 Total assets	 <u>\$ 3,659,889</u>	 <u>\$ 4,013,243</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 119,583	\$ 185,777
Line of credit (note 10)	--	51,900
Distributions payable (note 14)	519,686	547,272
Deferred revenue - government grants	2,616	236,645
Pension liabilities (note 9)	297,799	266,038
Designations payable (note 11)	510,809	391,493
Fiduciary funds payable (note 12)	<u>5,882</u>	<u>5,882</u>
Total liabilities	<u>1,456,375</u>	<u>1,685,007</u>
Net assets:		
Unrestricted	116,669	152,356
Temporarily restricted (note 7)	359,704	472,969
Permanently restricted (notes 6 and 7)	<u>1,727,141</u>	<u>1,702,911</u>
Total net assets	<u>2,203,514</u>	<u>2,328,236</u>
 Total liabilities and net assets	 <u>\$ 3,659,889</u>	 <u>\$ 4,013,243</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, 2016
(With Summarized Comparative Information for 2015)

	2016			2015	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Revenue:					
Regular campaign contributions/grants	\$ 2,078,832	\$ 200,000	\$ --	\$ 2,278,832	\$ 2,413,890
Prior year	--	--	--	--	350
Total campaign contributions	2,078,832	200,000	--	2,278,832	2,414,240
Donor designated contributions	(1,273,920)	--	--	(1,273,920)	(1,207,079)
Estimated uncollectible contributions	(108,300)	--	--	(108,300)	(169,513)
Campaign contributions revenue, net	<u>696,612</u>	<u>200,000</u>	<u>--</u>	<u>896,612</u>	<u>1,037,648</u>
Special events revenue	15,080	--	--	15,080	33,897
Less special events expense	(10,301)	--	--	(10,301)	(18,327)
Net special events revenue	<u>4,779</u>	<u>--</u>	<u>--</u>	<u>4,779</u>	<u>15,570</u>
Other revenue					
Interest and dividend income (note 4)	13,328	--	--	13,328	14,955
Income distribution from perpetual trusts	55,415	--	--	55,415	32,482
Government grants	2,053,099	--	--	2,053,099	1,322,973
Other grants	18,065	204,254	--	222,319	431,382
Bequests	208,258	--	--	208,258	500,000
Donated materials and supplies	--	--	--	--	150
Contract cost recovery	38,133	--	--	38,133	22,369
Service fee revenue	14,132	--	--	14,132	11,852
Incoming designation revenue	391,680	--	--	391,680	442,215
Net assets released from restrictions:					
Other grants	517,519	(517,519)	--	--	--
Total other revenue	<u>3,309,629</u>	<u>(313,265)</u>	<u>--</u>	<u>2,996,364</u>	<u>2,778,378</u>
Total revenue	<u>4,011,020</u>	<u>(113,265)</u>	<u>--</u>	<u>3,897,755</u>	<u>3,831,596</u>
Operating:					
Program services:					
Distributions to agencies in Greater Union County	1,673,501	--	--	1,673,501	1,651,068
Less donor designated contributions	(1,273,920)	--	--	(1,273,920)	(1,207,079)
Net distributions to agencies in Greater Union County	399,581	--	--	399,581	443,989
Direct program services	3,128,834	--	--	3,128,834	2,851,487
Total program services	<u>3,528,415</u>	<u>--</u>	<u>--</u>	<u>3,528,415</u>	<u>3,295,476</u>
Supporting services:					
General and administration	319,192	--	--	319,192	406,403
Fund-raising	142,293	--	--	142,293	194,876
Total supporting services	<u>461,485</u>	<u>--</u>	<u>--</u>	<u>461,485</u>	<u>601,279</u>
Total operating expenses	<u>3,989,900</u>	<u>--</u>	<u>--</u>	<u>3,989,900</u>	<u>3,896,755</u>
Change in net assets before nonoperating activities	<u>21,120</u>	<u>(113,265)</u>	<u>--</u>	<u>(92,145)</u>	<u>(65,159)</u>
Nonoperating:					
Pension related (gains)/losses: (note 9)					
Direct program services	53,702	--	--	53,702	46,861
Supporting services:					
General and administration	18,449	--	--	18,449	17,743
Fund-raising	10,634	--	--	10,634	9,583
Total pension related changes	<u>82,785</u>	<u>--</u>	<u>--</u>	<u>82,785</u>	<u>74,187</u>
Net realized and unrealized (gain) on investments and beneficial interest in perpetual trusts (notes 4 and 7)	<u>(25,978)</u>	<u>--</u>	<u>(24,230)</u>	<u>(50,208)</u>	<u>89,925</u>
Total nonoperating	<u>56,807</u>	<u>--</u>	<u>(24,230)</u>	<u>32,577</u>	<u>164,112</u>
Change in net assets	(35,687)	(113,265)	24,230	(124,722)	(229,271)
Net assets as of beginning of year	152,356	472,969	1,702,911	2,328,236	2,557,507
Net assets as of end of year	<u>\$ 116,669</u>	<u>\$ 359,704</u>	<u>\$ 1,727,141</u>	<u>\$ 2,203,514</u>	<u>\$ 2,328,236</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, 2016
(With Summarized Comparative Information for 2015)

	2016												2015		
	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	Fund-raising			Total			
									General	Communications	Total				
Distributions													\$ 399,581	\$ 443,989	
Salaries	\$ 29,677	\$ 117,561	\$ 400,405	\$ 33,672	\$ 136,228	\$ 32,462	\$ 750,005	\$ 104,891	\$ 46,233	\$ 14,226	\$ 60,459	\$ 165,350	915,355	990,568	
Tax and fringe benefits	8,618	30,883	90,710	9,778	36,782	9,427	186,198	30,459	13,426	4,131	17,557	48,016	234,214	268,093	
Total salaries and related expenses	38,295	148,444	491,115	43,450	173,010	41,889	936,203	135,350	59,659	18,357	78,016	213,366	1,149,569	1,258,661	
Consultants	7,264	15,235	130,483	8,242	65,952	7,945	235,121	98,626	11,316	3,482	14,798	113,424	348,545	269,660	
Transportation/meetings	1,622	14,422	6,955	1,840	10,237	1,774	36,850	7,632	3,904	856	4,760	12,392	49,242	48,899	
Campaign/communications	1,797	3,770	2,039	2,039	6,920	1,966	18,531	6,353	2,800	862	3,662	10,015	28,546	67,546	
Agency vehicles	488	1,023	554	554	1,867	534	5,020	1,725	760	234	994	2,719	7,739	7,314	
Professional development & conferences	558	1,171	633	633	2,136	610	5,741	1,973	869	268	1,137	3,110	8,851	9,632	
Office supplies	445	2,292	13,396	505	4,067	487	21,192	1,572	693	213	906	2,478	23,670	29,595	
Telephone	955	5,447	1,083	1,083	4,102	1,044	13,714	3,374	1,487	458	1,945	5,319	19,033	24,245	
Postage	146	307	307	166	560	160	1,646	517	228	70	298	815	2,461	3,283	
Buildings and grounds	4,442	28,421	64,510	5,040	17,000	4,859	124,272	15,699	6,920	2,129	9,049	24,748	149,020	215,276	
Administration printing	36	41	341	41	139	40	638	129	57	17	74	203	841	1,058	
Recognition awards	--	--	--	--	--	--	--	--	--	--	--	--	--	515	
Subscriptions	286	600	325	325	1,095	313	2,944	1,011	446	137	583	1,594	4,538	11,476	
Insurance	1,030	2,161	14,042	1,169	4,976	1,127	24,505	3,642	1,605	494	2,099	5,741	30,246	28,649	
Equipment expenses	2,565	5,379	13,102	2,910	9,815	2,805	36,576	9,065	3,995	1,229	5,224	14,289	50,865	43,813	
Computer expenses	523	1,096	1,177	593	2,000	572	5,961	1,847	814	250	1,064	2,911	8,872	29,204	
Building project expense	631	1,323	715	715	2,413	690	6,487	2,229	982	302	1,284	3,513	10,000	10,000	
United Way of America dues	2,781	5,832	3,155	3,155	10,642	3,042	28,607	9,828	4,332	1,333	5,665	15,493	44,100	43,129	
Pension expense	1,526	3,200	1,731	1,731	5,839	1,669	15,696	5,393	2,377	731	3,108	8,501	24,197	39,518	
Payments to subrecipients and other agencies	--	98,516	1,334,847	--	137,254	--	1,570,617	--	--	--	--	--	1,570,617	1,268,272	
Other expenses	1,357	2,846	1,539	1,539	5,192	1,484	13,957	4,789	2,114	650	2,764	7,553	21,510	24,235	
Total expenses before depreciation, shared expenses, pension related changes and distributions and grants	66,747	341,526	2,082,049	75,730	465,216	73,010	3,104,278	310,754	105,358	32,072	137,430	448,184	3,552,462	3,433,980	
Depreciation of furniture and equipment	2,387	5,007	2,708	2,708	9,135	2,611	24,556	8,438	3,719	1,144	4,863	13,301	37,857	40,818	
Total expenses before shared expenses, pension related changes and distributions and grants	69,134	346,533	2,084,757	78,438	474,351	75,621	3,128,834	319,192	109,077	33,216	142,293	461,485	3,590,319	3,474,798	
Expenses shared with affiliates and others: Consulting contract	--	--	--	--	--	--	--	--	--	--	--	--	--	(22,032)	
Total direct program expenses before distributions and grants	69,134	346,533	2,084,757	78,438	474,351	75,621	3,128,834	319,192	109,077	33,216	142,293	461,485	3,590,319	3,452,766	
Change in pension related changes reported as nonoperating	5,220	10,948	5,923	5,923	19,978	5,710	53,702	18,449	8,132	2,502	10,634	29,083	82,785	74,187	
Total direct program expenses excluding distributions	\$ 74,354	\$ 357,481	\$ 2,090,680	\$ 84,361	\$ 494,329	\$ 81,331	\$ 3,182,536	\$ 337,641	\$ 117,209	\$ 35,718	\$ 152,927	\$ 490,568	\$ 3,673,104	\$ 3,526,953	

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (124,722)	\$ (229,271)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	37,857	40,818
Provision for uncollectible pledges	108,300	169,513
Net realized and unrealized loss (gain) on:		
Investments	(25,979)	23,786
Beneficial interest in perpetual trusts	(24,230)	66,139
Change in:		
Contributions receivable	313,458	(596,584)
Other receivables	(61,658)	4,539
Other assets	4,942	16,177
Accounts payable	(66,194)	110,774
Distributions payable	(27,586)	(146,614)
Deferred revenue - government grants	(234,029)	236,095
Pension liabilities	31,761	84,486
Designations payable	119,316	184,171
Net cash provided (used) by operating activities	<u>51,236</u>	<u>(35,971)</u>
Cash flows from investing activities:		
Sale of short term investments	264,020	839,560
Purchases of short term investments	(267,573)	(690,959)
Purchases of furniture and equipment	--	(1,070)
Net cash (used) provided by investing activities	<u>(3,553)</u>	<u>147,531</u>
Cash flows from financing activities:		
Proceeds from Line of Credit	130,000	--
Repayments on Line of Credit	(181,900)	(145,000)
Net cash used by financing activities	<u>(51,900)</u>	<u>(145,000)</u>
Net change in cash and cash equivalents	(4,217)	(33,440)
Cash and cash equivalents, at beginning of year	<u>202,495</u>	<u>235,935</u>
Cash and cash equivalents, at end of year	<u>\$ 198,278</u>	<u>\$ 202,495</u>

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

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 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.

Contributions 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, 2016 and 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, 2015, 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

UWGUC accounts for those contract revenues that have been determined to be 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. Program revenues received in advance of their usage are classified as liabilities in the statement of financial position. 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, 2016. 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 three 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, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies:

Deferred Revenue - Government Grants

Deferred revenue - government grants represents payments 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.

Fifty-three percent and thirty-three percent of revenue was derived from cost reimbursement type federal and state grants for the years ended August 31, 2016 and 2015, 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 related to contributions receivable 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, 2016 and 2015. 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>2016</u>		<u>2015</u>
Cash	\$ 192,507	\$	188,335
Money Market	5,771		14,160
	<u>\$ 198,278</u>	\$	<u>202,495</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 2015

Note 3 - Contributions Receivable:

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

	<u>2016</u>	<u>2015</u>
2012-2013 Campaign	\$ --	\$ 13,687
2013-2014 Campaign	--	73,857
2014-2015 Campaign	60,327	1,304,698
2015-2016 Campaign	876,801	--
	<u>937,128</u>	<u>1,392,242</u>
Less, allowance for uncollectible amounts	<u>(102,593)</u>	<u>(135,949)</u>
	<u>\$ 834,535</u>	<u>\$ 1,256,293</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.

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, 2016 and 2015, amounting to \$673,383 and \$643,851, 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, 2016, along with the basis for the determination of fair value:

	Total	Basis for Valuation		
		Quoted prices in active markets	Observable Measurement Criteria	Unobservable Measurement Criteria
Fixed Income	\$ 244,387	\$ 244,387	\$ --	\$ --
Equity Securities	428,996	428,996	--	--
	<u>\$ 673,383</u>	<u>\$ 673,383</u>	<u>\$ --</u>	<u>\$ --</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 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, 2015, along with the basis for the determination of fair value:

	Total	Basis for Valuation		
		Quoted prices in active markets	Observable Measurement Criteria	Unobservable Measurement Criteria
Fixed Income	\$ 252,318	\$ 252,318	\$ --	\$ --
Equity Securities	391,533	391,533	--	--
	<u>\$ 643,851</u>	<u>\$ 643,851</u>	<u>\$ --</u>	<u>\$ --</u>

Approximately 25 percent and 26 percent of the UWGUC total investments are held in three bond mutual funds and two bond mutual funds as of August 31, 2016 and 2015, respectively. 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>2016</u>	<u>2015</u>
Dividends and interest	\$ 13,328	\$ 14,955
Unrealized gain/(loss)	<u>25,978</u>	<u>(23,786)</u>
	<u>\$ 39,306</u>	<u>\$ (8,831)</u>

Note 5 – Land, Building and Equipment:

Building and equipment includes the following as of August 31:

	<u>Straight Line</u> <u>Depreciable Life</u>	<u>2016</u>	<u>2015</u>
Building	10-25 years	\$ 410,768	\$ 410,768
Equipment	3-10 years	<u>339,166</u>	<u>382,762</u>
		749,934	793,530
Less: Accumulated depreciation		<u>(632,645)</u>	<u>(638,384)</u>
Building, and equipment, net		<u>\$ 117,289</u>	<u>\$ 155,146</u>

Note 6 – Board Designated Funds:

UWGUC designated funds to support children's initiatives and the Community Investment Fund.

Changes in board designated funds for the year ended August 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Board designated funds, beginning of year	\$ 679,417	\$ 828,203
Investment income (loss), net of investment fees	25,978	(23,786)
Appropriation for expenditure	<u>--</u>	<u>(125,000)</u>
Board designated funds, end of year	<u>\$ 705,395</u>	<u>\$ 679,417</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 2015

Note 7 - Restrictions on Net Assets:

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

	<u>2016</u>	<u>2015</u>
Volunteer/Job Fair grant	\$ 16,751	\$ 16,752
Emergency preparedness	9,973	--
Plainfield seniors programs	3,548	--
Women's Leadership	2,916	--
Plainfield health initiatives	46,540	--
Haiti Relief	1,761	--
Family success initiative/time restrictions	271,548	385,228
Union County long-term recovery grant	5,826	70,959
Family strengthening initiatives	<u>841</u>	<u>30</u>
Total	<u>\$ 359,704</u>	<u>\$ 472,969</u>

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

	<u>2016</u>	<u>2015</u>
Haiti Relief	\$ 65,176	\$ 6,462
Emergency preparedness	2,027	--
Plainfield seniors programs	31,452	--
Family success initiative	122,683	--
Women's Leadership	10,834	--
Plainfield health initiatives	3,460	--
Emergency Aid	--	9,122
Family success initiative/time restrictions	203,697	273,019
Union County long-term recovery grant	65,133	439,191
Flex Fund Grant	--	2,500
Family strengthening initiatives	<u>13,057</u>	<u>37,518</u>
Total	<u>\$ 517,519</u>	<u>\$ 767,812</u>

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

	<u>2016</u>	<u>2015</u>
Unrestricted Purposes:		
Beneficial interest in perpetual trusts	<u>\$ 1,727,141</u>	<u>\$ 1,702,911</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 gain of \$24,230 and a loss of \$66,139 for the years ended August 31, 2016 and 2015, 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, 2016 and 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>2016</u>	<u>2015</u>
Jessie Munger	\$ 868,772	\$ 855,550
John J. Burling	94,893	93,832
Walter L. Glenney	128,652	126,486
Grace N. and Harry H. Pond	116,156	119,950
Corothy F. Waring	93,902	94,132
Joseph L. Snyder	<u>424,766</u>	<u>412,961</u>
Total	<u>\$ 1,727,141</u>	<u>\$ 1,702,911</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 2016 and 2015, fees paid to the UWWW, were \$45,450 and \$43,128, respectively. In addition, approximately \$11,362 and \$10,019 were included in accounts payable as August 31, 2016 and 2015, 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.

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.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 2015

Note 9 - Pension Plan (Continued):

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

	<u>2016</u>	<u>2015</u>
<i>Benefit Obligation:</i>		
Projected Benefit Obligation	\$ 1,013,548	\$ 1,041,603
Fair Value of plan assets	<u>715,749</u>	<u>775,565</u>
Funded status recognized in the statements of financial position as a pension liability	<u>\$ (297,799)</u>	<u>\$ (266,038)</u>
Accumulated Benefit Obligation	<u>\$ 1,013,548</u>	<u>\$ 1,041,603</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>2016</u>	<u>2015</u>
<i>Net Periodic Pension Costs:</i>		
Interest Cost	\$ 53,511	\$ 55,106
Prior Service Costs	\$ 225	\$ 225
Expected Return on Assets	\$ (56,712)	\$ (65,630)
Benefits paid	\$ 137,335	\$ 30,437
Expense charges	\$ --	\$ --

Assumptions are as follows as of August 31:

	<u>2016</u>	<u>2015</u>
Measurement date	8/31/2016	8/31/2015
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%
<i>Non-operating pension related changes:</i>		
Net change in net assets of plan	\$ 85,761	\$ 84,486
Curtailment (gain)	--	--
Other	(2,976)	(10,299)
Total non-operating cost	<u>\$ 82,785</u>	<u>\$ 74,187</u>

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

	<u>2016</u>	<u>2015</u>
1. Transition obligation or asset	\$ --	\$ --
2. Net prior service cost or credit	\$ 951	\$ 1,176
3. Net (Gain)/ loss	\$ 112,621	\$ 44,279

No plan assets are expected to be returned to the employer during the September 1, 2016 to August 31, 2017 fiscal year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2016 and 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>
2017	\$ 30,773
2018	\$ 30,773
2019	\$ 30,773
2020	\$ 42,365
2021	\$ 42,365
2022 - 2026	\$ 322,889

Plan assets comprise the following as of August 31:

	<u>2016</u>	<u>2015</u>
Equity-funds	\$ 410,168	\$ 452,424
General account	<u>305,574</u>	<u>323,141</u>
Total	<u>\$ 715,742</u>	<u>\$ 775,565</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.

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 \$25,803 and \$18,711 during the years ended August 31, 2016 and 2015, 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 2017. The line provides for interest at prime (prime as of August 31, 2016 and 2015 was 4.00 percent and 3.75 percent, respectively) plus 0.75 percent. The outstanding balance as of August 31, 2016 and 2015, was \$-0- and \$51,900, respectively. The line of credit is due on demand and is collateralized by all assets of UWGUC.

Note 11 - Designations Payable:

At August 31, 2016 and 2015, UWGUC, acting as an intermediary organization, had \$510,809 and \$391,493, respectively in unspent contributions received on behalf of other United Ways and agencies. These amounts will be sent to agencies and United Ways 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, 2016 and 2015

Note 13 - Administrative Cost Ratio (Unaudited):

UWGUC calculates the ratio of support services to total revenue using the data on 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>2016</u>	<u>2015</u>
Supporting services:		
Form 990 line 25, management and general expenses	\$ 337,641	\$ 424,147
Form 990 line 25, fundraising expenses	<u>152,927</u>	<u>204,459</u>
Total supporting service	<u>\$ 490,568</u>	<u>\$ 628,606</u>
Total revenue and support from Form 990 line 12	<u>\$ 5,171,676</u>	<u>\$ 5,038,170</u>
Administrative cost ratio	9.5%	12.5%

Note 14 – Distributions Payable:

This Board approved total program allocations of approximately \$298,000 and \$301,000 for the years ended August 31, 2016 and 2015, respectively, which are included in distributions payable. In addition, approximately \$222,000 and \$246,000 of prior year allocations are included in distributions payable for the years ended August 31, 2016 and 2015, respectively

Note 15 – Subsequent Events:

UWGUC has evaluated subsequent events occurring after the statement of financial position date through the date of January 13, 2017, 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, 2016

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA#/Contract Number</u>	<u>Grant Period</u>	<u>Passed through to</u> <u>Subrecipient</u>	<u>Expenditures</u>
Workforce Investment Act of 1998 (WIA) WIA Youth Employment & Training Consortium	17.259/L. 105-220: 20 USC 927C	6/1/2015 - 6/15/2016	\$ --	\$ 397,444
Department of Homeland Security Emergency Food and Shelter Program	97.024/32-6034-00	9/1/14 - 8/31/16	--	236,780
Department of Housing and Urban Development CDBG Year 41	14.218/D-12-56-813-321-919	9/1/2015 - 8/31/2016	--	181,857
US Department of Health and Human Services passed through State of NJ Dept of Human Services Nurse Family Partnership	93.505/16EHXP-NFP	9/1/2015 - 8/31/2016	549,284	603,935
US Department of Justice passed through NJ Dept of Law and Public Safety Celebration of Womanhood Conference	16.540/J-J:13-7-13	1/1/2016 - 9/30/2016	<u>--</u>	<u>49,637</u>
Total Federal Awards			\$ 549,284	\$ 1,469,653
State of NJ Dept of Children and Families Family Success Center	16EEXP - FSC	9/1/2015- 8/31/2016	<u>--</u>	<u>240,000</u>
Total State Awards			<u>--</u>	<u>240,000</u>
Total Federal and State Awards			<u>\$ 549,284</u>	<u>\$ 1,709,653</u>

See Independent Auditors' Report.
See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

UNITED WAY OF GREATER UNION COUNTY
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2016

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 expenditures of federal and state awards includes the federal grant activity of United Way of Greater Union County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 of expenditures of federal and state awards due to capitalization of assets, agency matching or in-kind contributions.

4. Indirect Cost

UWGUC does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimus cost rate as covered in section 200.414 in the Uniform Guidance.

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 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, 2016, and the related statements of activities, functional expenses and cash flows and related notes to the financial statements and have issued our report thereon dated January 13, 2017.

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 13, 2017

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")

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 United Way of Greater Union County's major federal program for the year ended August 31, 2016. United Way of Greater Union County's major federal program is 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 Federal statutes, regulations, and the terms and conditions applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for United Way of Greater Union County's major federal program 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. Those standards and the *Uniform Guidance* 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 the 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 its major federal program for the year ended August 31, 2016.

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 the 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 *Uniform Guidance*, 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 *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



January 13, 2017

UNITED WAY OF GREATER UNION COUNTY
Schedule of Findings and Questioned Costs
August 31, 2016

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 Uniform Guidance?	No

Identification of major Federal program:

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:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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.