

# **United Way of Greenville County, Inc.**

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**Financial Statements**

**Year Ended December 31, 2015**

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## **Independent Auditors' Report**

Board of Trustees  
United Way of Greenville County, Inc.  
Greenville, South Carolina

### ***Report on the Financial Statements***

We have audited the accompanying statement of financial position of the United Way of Greenville County, Inc. ("United Way") as of December 31, 2015, and the related statements of activities, cash flows, and allocations and functional expenses 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 United Way'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 United Way's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Greenville County, Inc. as of December 31, 2015, and the results of their activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 United Way's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016 on our consideration of United Way of Greenville County, Inc.'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's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
June 16, 2016**

**United of Greenville County, Inc.**  
**Statement of Financial Position**  
**December 31, 2015**  
**(with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,342,056	\$ 7,151,667
Restricted cash	293,050	616,355
Certificates of deposit, current portion	711,918	825,063
Pledges receivable:		
Fiscal year 2015/16 (less allowance for uncollectible pledges of approximately \$1,242,000 in 2015)	9,936,653	-
Fiscal year 2014/15 (less allowance for uncollectible pledges of approximately \$1,364,000 and \$1,275,000 in 2015 and 2014, respectively)	869,598	10,817,034
Fiscal year 2013/14 (less allowance for uncollectible pledges of approximately \$1,276,000 and \$1,365,000 in 2015 and 2014, respectively)	14,300	924,085
Fiscal year 2012/13 (less allowance for uncollectible pledges of approximately \$1,317,000 in 2014)	-	28,265
Total current portion of pledges receivable, net	<u>10,820,551</u>	<u>11,769,384</u>
Accrued interest	386	288
Investments	34,649	27,973
Other receivables	667,175	644,244
Prepaid expenses	76,057	82,207
Total current assets	<u>18,945,842</u>	<u>21,117,181</u>
Certificates of deposit, excluding current portion	363,160	-
Endowment funds held by other organization	6,358,592	3,582,693
Notes receivable	16,000	40,000
Cash surrender value of life insurance policies	572,645	415,585
Property and equipment:		
Land	267,000	267,000
Building	1,965,188	1,924,159
Office furniture and equipment	1,255,139	1,247,730
Renovation in process	266,841	-
	<u>3,754,168</u>	<u>3,438,889</u>
Less accumulated depreciation	1,480,470	1,342,423
Property and equipment, net	<u>2,273,698</u>	<u>2,096,466</u>
Pledges receivable:		
Fiscal year 2015/16 (less discount for future pledges of approximately \$30 in 2014)	-	10,970
Total long-term portion of pledges receivable, net	<u>-</u>	<u>10,970</u>
Total assets	<u>\$ 28,529,937</u>	<u>\$ 27,262,895</u>

(Continued)

**Statement of Financial Position (continued)**  
**December 31, 2015**  
**(with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 349,507	\$ 163,732
Allocations payable	-	30,001
Accrued expenses	23,490	13,648
Grants payable	75	250,365
Due to designated agencies (less related portion of uncollectible pledges of \$268,000 and \$134,000 in 2015 and 2014, respectively)	1,803,487	2,242,803
Funds held for others	56,503	-
Deferred revenue - cost reimbursement on designations	185,496	186,483
	<u>2,418,558</u>	<u>2,887,032</u>
Assets managed for others	283,877	499,343
Unfunded pension benefit obligation	937,600	921,711
	<u>3,640,035</u>	<u>4,308,086</u>
Net assets:		
Unrestricted:		
Designated by Board:		
Community initiatives	1,584,611	2,127,983
Property improvements	-	183,735
Funded operating reserve	2,547,181	2,547,181
Total designated by board	4,131,792	4,858,899
Undesignated, including investment in building, office furniture and equipment of \$2,274,000 and \$2,096,466 in 2015 and 2014, respectively	2,002,722	1,564,924
Total unrestricted	6,134,514	6,423,823
Temporarily restricted	11,768,858	13,162,230
Permanently restricted	6,986,530	3,368,756
	<u>24,889,902</u>	<u>22,954,809</u>
Total liabilities and net assets	<u>\$ 28,529,937</u>	<u>\$ 27,262,895</u>

See accompanying notes.

**United Way of Greenville County, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**  
**(with comparative totals for 2014)**

	2015			2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total
Revenues, gains and other support:				
Total campaign contributions	\$ 1,048,505	\$ 15,373,297	\$ -	\$ 16,421,802
Less donor designations	(406,572)	(3,090,303)	-	(3,496,875)
Campaign revenue less donor designations	641,933	12,282,994	-	12,924,927
Provision for uncollectible pledges	(89,067)	(1,242,188)	-	(1,331,255)
Total net campaign revenue	552,866	11,040,806	-	11,593,672
Contributions received in prior years released from restriction, net	11,822,151	(11,822,151)	-	-
Net campaign revenue	12,375,017	(781,345)	-	11,593,672
Other contributions	280,231	154,239	2,888,068	3,322,538
Gifts in kind contributions	1,135,526	-	-	1,135,526
Private and government grants	1,214,628	157,820	-	1,372,448
Net investment income	15,940	107,492	-	123,432
Recovery of prior year pledges	376,150	-	-	376,150
Donor designation and other fees	298,430	-	-	298,430
Total revenues, gains and other support	15,695,922	(361,794)	2,888,068	18,222,196
Other releases:				
Grants received in prior year released from restriction	434,734	(434,734)	-	-
Total revenues, gains and other support net of assets released from restrictions	16,130,656	(796,528)	2,888,068	18,222,196
Allocations and other functional expenses:				
Community impact:				
Agency allocations and grants	10,110,317	-	-	10,110,317
Less donor designations	(3,319,015)	-	-	(3,319,015)
Community services and outreach	2,625,492	-	-	2,625,492
Community projects and initiatives	2,474,690	-	-	2,474,690
Total community impact	11,891,484	-	-	11,891,484
Supporting services:				
Community campaign	2,645,947	-	-	2,645,947
Management and general	429,377	-	-	429,377
Total supporting services	3,075,324	-	-	3,075,324
Total expenses	14,966,808	-	-	14,966,808
Change in net assets before net change in pension benefit obligation, gifts in kind, and net unrealized gains (losses) on investments	1,163,848	(796,528)	2,888,068	3,255,388
Net change in pension benefit obligation	(15,889)	-	-	(15,889)
Gifts in kind	(1,135,526)	-	-	(1,135,526)
Net unrealized gains (losses) on investments	243	(326,184)	157,061	(168,880)
Transfer of net assets	(301,985)	(270,660)	572,645	-
Change in net assets	(289,309)	(1,393,372)	3,617,774	1,935,093
Net assets, beginning of year	6,423,823	13,162,230	3,368,756	22,954,809
Net assets, end of year	\$ 6,134,514	\$ 11,768,858	\$ 6,986,530	\$ 24,889,902

See accompanying notes.

**United Way of Greenville County, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**  
**(with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,935,093	\$ (258,097)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	138,047	129,434
Net unrealized losses (gains) on investments	168,880	(121,926)
Net realized losses (gains) on investments	487	(1,327)
Net change in pension benefit obligation	15,889	582,918
Change in operating assets and liabilities:		
Pledges receivable	959,803	1,238,393
Notes receivable	24,000	(40,000)
Accrued interest and other receivables	(23,029)	(119,048)
Prepaid expenses	6,150	3,781
Accounts payable	182,404	6,068
Accrued expenses	9,842	(6,078)
Allocations payable	(30,001)	(48,884)
Grants payable	(250,290)	143,826
Due to designated agencies	(439,316)	(485,671)
Funds held for others	56,503	(57,197)
Assets managed for others	(215,466)	189,327
Deferred revenue	(987)	25,129
Net cash provided by operating activities	<u>2,538,009</u>	<u>1,180,648</u>
Cash flows from investing activities:		
Net change from sales and maturities of investments	(3,359,017)	(42,933)
Purchase of property and equipment	(311,908)	(145,255)
Net cash used by investing activities	<u>(3,670,925)</u>	<u>(188,188)</u>
Net increase (decrease) in cash and cash equivalents	(1,132,916)	992,460
Cash and cash equivalents at beginning of year	<u>7,768,022</u>	<u>6,775,562</u>
Cash and cash equivalents at end of year	<u>\$ 6,635,106</u>	<u>\$ 7,768,022</u>
Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	\$ 6,342,056	\$ 7,151,667
Restricted cash	293,050	616,355
Total cash and cash equivalents	<u>\$ 6,635,106</u>	<u>\$ 7,768,022</u>
<b><u>Schedule of non-cash investing and financing activities</u></b>		
Property and equipment included in accounts payable at year end	<u>\$ 3,371</u>	<u>\$ 70,340</u>

See accompanying notes.



**United Way of Greenville County, Inc.**  
**Statement of Allocations and Functional Expenses**  
**For the Year Ended December 31, 2015**  
**(with comparative totals for 2014)**

	Community Impact			Supporting Services			Totals		
	Allocations and Grants	Community Services and Outreach	Community Projects & Initiatives	Total Community Impact	Community Campaign	Management & General	Total Supporting Services	2015	2014
Allocations and grants	\$ 10,110,317			\$ 10,110,317				\$ 10,110,317	\$ 10,029,922
Designations	(3,319,015)			(3,319,015)				(3,319,015)	(3,148,036)
	<u>6,791,302</u>			<u>6,791,302</u>				<u>6,791,302</u>	<u>6,881,886</u>
Functional expenses:									
Salaries and services		\$ 862,405	\$ 687,183	1,549,588	\$ 966,461	\$ 739,303	\$ 1,705,764	3,255,352	3,110,570
Employee benefits		190,246	103,553	293,799	288,224	151,251	439,475	733,274	765,993
Payroll taxes		68,369	56,995	125,364	75,344	55,162	130,506	255,870	229,713
Study, consultant, audit and professional fees		108,259	327,329	435,588	45,435	121,541	166,976	602,564	230,417
IT costs and software user fees		60,476	59,844	120,320	52,467	38,959	91,426	211,746	126,502
Supplies		50,769	28,379	79,148	39,465	29,505	68,970	148,118	108,016
Telephone		9,760	1,913	11,673	12,316	9,750	22,066	33,739	42,146
Postage		(682)	312	(370)	11,051	2,206	13,257	12,887	15,083
Occupancy		28,789	-	28,789	27,957	15,268	43,225	72,014	125,647
Equipment maintenance		4,765	288	5,053	5,155	2,822	7,977	13,030	17,729
Printing and promotional materials		17,529	19,860	37,389	189,317	24,348	213,665	251,054	238,780
Travel - local		2,634	29,716	32,350	10,302	2,494	12,796	45,146	31,216
Events and meetings		93,552	51,724	145,276	164,385	36,636	201,021	346,297	411,416
Organizational and staff development		67,736	16,291	84,027	21,975	62,017	83,992	168,019	94,148
Payments to affiliates		63,482	30,151	93,633	67,613	64,871	132,484	226,117	225,679
Membership dues		995	-	995	2,932	9,865	12,797	13,792	14,483
Insurance		4,502	583	5,085	4,595	2,600	7,195	12,280	10,936
Miscellaneous		22,495	12,149	34,644	6,788	88,536	95,324	129,968	99,092
Deferred giving - donor life insurance premiums		-	-	-	150,959	-	150,959	150,959	157,230
Specific assistance to individuals		43,673	166,321	209,994	-	1,750	1,750	211,744	192,125
Grants to organizations		446,468	606,355	1,052,823	2,211	5,355	7,566	1,060,389	511,348
Program partnerships (2-1-1 Service)		6,925	76,175	83,100	-	-	-	83,100	89,600
Total before depreciation		<u>2,153,147</u>	<u>2,275,121</u>	<u>4,428,268</u>	<u>2,144,952</u>	<u>1,464,239</u>	<u>3,609,191</u>	<u>8,037,459</u>	<u>6,847,869</u>
Depreciation		55,063	-	55,063	53,476	29,508	82,984	138,047	129,434
		<u>2,208,210</u>	<u>2,275,121</u>	<u>4,483,331</u>	<u>2,198,428</u>	<u>1,493,747</u>	<u>3,692,175</u>	<u>8,175,506</u>	<u>6,977,303</u>
Allocation of management and general expenses		417,282	199,569	616,851	447,519	(1,064,370)	(616,851)	-	-
Total functional expenses		<u>2,625,492</u>	<u>2,474,690</u>	<u>5,100,182</u>	<u>2,645,947</u>	<u>429,377</u>	<u>3,075,324</u>	<u>8,175,506</u>	<u>6,977,303</u>
Total allocations and functional expenses	<u>\$ 6,791,302</u>	<u>\$ 2,625,492</u>	<u>\$ 2,474,690</u>	<u>\$ 11,891,484</u>	<u>\$ 2,645,947</u>	<u>\$ 429,377</u>	<u>\$ 3,075,324</u>	<u>\$ 14,966,808</u>	<u>\$ 13,859,189</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Mission**

The mission of United Way of Greenville County, Inc. ("United Way") is to bring people and resources together to build a Cycle of Success, where all children in Greenville County start school prepared to learn and go on to graduate, well-educated graduates find good jobs and create stable homes, and children from stable homes continue the cycle because they start school on track and prepared for success.

### **2. Summary of Significant Accounting Policies**

#### ***Accounting basis***

The accompanying financial statements have been prepared on the accrual basis.

#### ***Cash and cash equivalents***

United Way considers all highly liquid investments with a maturity of three months or less when originally purchased to be cash equivalents.

United Way maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC"). At times throughout the year, United Way may maintain bank account balances in excess of the FDIC insured limit. Management does not believe that United Way is exposed to any significant credit risk related to cash.

#### ***Restricted and unrestricted revenue and support***

United Way reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statement of Activities as net assets released from restrictions.

Temporarily restricted net assets are campaign revenues restricted for future years' operations and for grants and programs restricted for nurturing young children, strengthening families and neighborhoods, and building a healthy community and outreach. Permanently restricted net assets are endowment funds. Earnings from the endowment are recorded as temporarily restricted net assets. A portion of those earnings may be used for unrestricted purposes in accordance with the board-approved Endowment Funds Spending Policy.

#### ***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. Actual results could differ from those estimates.

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

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***Investments***

Investments are presented in the financial statements in the aggregate, at fair market value. Certificates of deposit are carried at the amount invested in the certificates. The fair market value of investments maintained in the endowment funds is based on quoted market prices on public exchanges.

***Pledges receivable***

Pledges receivable are recognized as revenues in the period received. An allowance for uncollectible pledges has been estimated based on past collection results.

***Property and equipment***

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. United Way's policy is to capitalize property and equipment which costs \$1,000 or greater. Depreciation is computed utilizing the straight-line method over the assets' respective estimated useful lives, which is forty years for the building and three to ten years for office furniture and equipment.

***Donated materials and services***

Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. United Way pays for most services requiring specific expertise; however, a substantial number of volunteers have donated significant amounts of their time to assist the United Way. For the year ended December 31, 2015, approximately \$1,136,000 was recorded on the statement of activities for specific donated materials and specialized services; no additional amounts have been recorded for volunteer hours or other general services.

***Income taxes***

United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. United Way has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2015. Fiscal years ending on or after December 31, 2012 remain subject to examination by federal and state tax authorities.

**3. Pledges Receivable**

Pledges receivable represent unconditional promises to give and are usually due within one year. Pledges receivable that are collectable over future periods are discounted to their net present value. Additionally, management provides an estimate of uncollectible pledges for each campaign year. As of December 31, 2015, contributors to United Way's annual campaigns have made unconditional promises to give, of which approximately \$14,703,000 will be received within one year. Management has estimated uncollectible pledges of approximately \$3,882,000 for the 2015, 2014, and 2013 campaigns. During 2015, United Way received no unconditional pledges on future years' campaigns.

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

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**4. Unrestricted Net Assets**

Unrestricted net assets at December 31, 2015 consist of the following:

Designated by governing board:

Community initiatives	\$ 1,584,611
Funded operating reserve	<u>2,547,181</u>
Total designated by governing board	<u>4,131,792</u>
Investment in property and equipment	2,273,698
Undesignated for general activities	666,624
Less: Unfunded pension benefit obligation	<u>(937,600)</u>
Undesignated for general activities, net	<u>2,002,722</u>
	<u>\$ 6,134,514</u>

**5. Investments**

Investments are included in the following statement of financial position captions at December 31, 2015:

Certificates of deposit	\$ 1,075,078
Endowment funds held by other organization	6,358,592
Cash surrender value of life insurance policies	572,645
Investments	<u>34,649</u>
Total	<u>\$ 8,040,964</u>

Net investment income is comprised of the following for the year ended December 31, 2015:

Net investment income:	
Interest and dividends	\$ 123,919
Net realized losses on investments	<u>(487)</u>
Total	<u>\$ 123,432</u>

**6. Cash Surrender Value of Life Insurance**

United Way has purchased insurance on the lives of certain donors. As beneficiary, United Way receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. The cash surrender value of the life insurance policies is approximately \$573,000 at December 31, 2015.

**7. Fair Value Disclosures**

The Fair Value provision defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provision does not require any new fair value measurements, but clarifies and standardizes some divergent practices that have emerged since prior guidance was issued. The provision creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation.

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

The provision defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, United Way considers the principal or most advantageous market in which those assets or liabilities are sold and considers assumptions that market participants would use when pricing those assets or liabilities. Fair values determined using level 1 inputs rely on active and observable markets to price identical assets or liabilities. In situations where identical assets and liabilities are not traded in active markets, fair values may be determined based on level 2 inputs, which exist when observable data exists for similar assets and liabilities. Fair values for assets and liabilities that are not actively traded in observable markets are based on level 3 inputs, which are considered to be unobservable.

Among United Way's assets, investments and cash surrender value of life insurance policies were reported at their fair values on a recurring basis.

For assets carried at fair value, the following tables provide estimated fair value information as of December 31, 2015:

<i>Assets measured at fair value</i>	Fair value at December 31, 2015	Fair value measurements at December 31, 2015 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Equity investments:				
Consumer goods	\$ 17,142	\$ 17,142	\$ -	\$ -
Exchange traded funds	5,068	5,068	-	-
Utilities	4,562	4,562	-	-
Healthcare	7,877	7,877	-	-
Global equity	1,632,886	1,632,886	-	-
Large cap blend	1,310,506	1,310,506	-	-
Mid/Small cap	370,706	370,706	-	-
Debt investments:				
Fixed income	1,321,315	1,321,315	-	-
Alternative investments:				
Hedge funds	474,351	-	-	474,351
Inflation hedge funds	831,704	-	-	831,704
Liquid alternatives	417,124	-	-	417,124
Cash surrender value of life insurance policies	<u>572,645</u>	<u>-</u>	<u>572,645</u>	<u>-</u>
Total assets at fair value	<u>\$ 6,965,886</u>	<u>\$ 4,670,062</u>	<u>\$ 572,645</u>	<u>\$ 1,723,179</u>

Omitted in the table above are certificates of deposits, described in Note 5, totaling approximately \$1,075,000.

**8. Endowment Funds Held by Other Organizations**

The Community Foundation of Greenville ("Community Foundation") manages endowment funds approximating \$6,359,000 at December 31, 2015, from which the income is designated for the United Way. Under the terms of this agreement, the Community Foundation will administer the endowment as part of its assets. The principal is to be maintained inviolate and in perpetuity. The United Way can utilize fund income for board designated and endowment purposes with the approval of its Board of Trustees (the "Board") and the Community Foundation. Gifts totaling approximately \$2,888,000 were transferred to Community Foundation during 2015. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the United Way has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the United Way 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 the organization 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 the organization,
- (7) The investment policies of the organization.

Changes in endowment net assets for the year ended December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 953,737	\$ 3,368,756	\$ 4,322,493
Investment return:			
Net investment income	107,378	-	107,378
Net unrealized losses on investments	<u>(326,184)</u>	<u>157,061</u>	<u>(169,123)</u>
Total investment return	(218,806)	157,061	(61,745)
Transfer of net assets	-	572,645	572,645
Contributions	<u>-</u>	<u>2,888,068</u>	<u>2,888,068</u>
Endowment net assets, end of year	<u>\$ 734,931</u>	<u>\$ 6,986,530</u>	<u>\$ 7,721,461</u>

**9. Leases**

United Way leases office space for which lease payments amount to \$2,700 per month. The lease expires on October 31, 2017. Beginning in January 2015, the United Way subleased this property to another tenant for the remainder of the lease term at the same rate, earning no profit. Therefore no rental expense has been recorded by United Way in 2015. The approximate future minimum lease commitments under the operating lease subsequent to 2015 are as follows:

2016	\$ 32,000
2017	<u>27,000</u>
	<u>\$ 59,000</u>

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

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**10. Grants Payable**

United Way makes awards and grants for assistance, education, and other projects in the field of workforce development, child nurturing, and other initiatives. The minimum amount for which United Way is obligated is recorded upon the board of trustees' approval. The amount of grants payable is approximately \$100 at December 31, 2015.

**11. Allocations Payable**

United Way's board of trustees establishes an amount of allocations to be paid to local agencies and receives funding requests from agencies that the Board reviews based on certain criteria. At December 31, 2015, United Way had paid all outstanding allocations and there is no remaining payable.

**12. Deferred Revenue**

United Way applies an administrative processing fee related to designations to recipient agencies specified by donors. The amount of the processing fees is recorded as revenue and is withheld from the amount that United Way disburses to the recipient agencies. Deferred revenue of approximately \$185,000 at December 31, 2015, represents cost reimbursements on designations that are payable at December 31, 2015.

**13. Assets Managed for Others**

United Way holds funds belonging to the Greenville Region Workforce Collaborative ("GRWC"), a collaboration of various not for profit organizations for which United Way serves as an agent with no influence on operations. In 2015, United Way held approximately \$284,000 in restricted cash and approximately \$284,000 in long term liabilities to reimburse GRWC expenses.

**14. Retirement Plans**

United Way sponsors a qualified defined benefit plan (the "Plan") covering substantially all employees. Generally, benefits are based on years of service and final average salary. The funding policy is to make annual contributions to the Plan equal to the net periodic pension cost. Contributions amounted to approximately \$244,000 in 2015. Assets of the plan are primarily invested in marketable securities and fixed income securities.

United Way recognizes the funded status of the Plan on the statement of financial position at December 31, 2015. The funded status for the Plan is measured as the difference between plan assets at fair value and the projected benefit obligation.

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

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***Cost Method***

The projected unit credit cost method is used to determine the information about the Plan, summarized below. This method calculates each member's plan benefit as it accrues recognizing future salary increases to assumed retirement age. Each member's service cost is the present value of the benefit which will accrue during the year using expected future salary for salary related benefits. The projected benefit obligation is the present value of projected benefits based on service accrued to date.

Information about United Way's defined benefit plan is summarized in the following tables:

Change in projected benefit obligation:	
Benefit obligation at beginning of year	\$ 3,093,672
Service cost	315,225
Interest cost	107,376
Actuarial gain	(198,512)
Benefits paid	<u>(349,963)</u>
Benefit obligation at end of year	<u>\$ 2,967,798</u>
Change in plan assets:	
Fair value of plan assets at beginning of year	\$ 2,171,961
Actual return on plan assets	(35,780)
Employer contributions	243,980
Benefits paid	<u>(349,963)</u>
Fair value of plan assets at end of year	<u>\$ 2,030,198</u>
Funded status at end of year:	
Funded status of the plan (under-funded)	<u>\$ (937,600)</u>
Amounts recognized in the statement of financial position:	
Unfunded pension benefit obligation	<u>\$ (937,600)</u>
Components of net periodic benefit cost:	
Service cost	\$ 315,225
Interest cost	107,376
Expected return on plan assets	(154,182)
Amortization of net loss	66,935
Amortization of prior service cost	<u>173</u>
Net periodic benefit cost	<u>\$ 335,527</u>



**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

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Other changes recognized in unrestricted net assets:	
Net loss	\$ 162,732
Amortization of net loss	(66,935)
Amortization of prior service costs	<u>(173)</u>
 Total recognized in unrestricted net assets	 \$ <u>95,624</u>
 Total recognized in net periodic benefit cost and unrestricted net assets	 \$ <u>431,151</u>

Weighted average assumptions:

Discount rate	3.75%
Expected return on plan assets	7.50%
Rate of compensation increase	3.00%

***Basis Used to Determine Expected Long Term Return on Plan Assets***

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

***Plan Assets by Category***

The Plan's weighted average asset allocations are as follows:

Collective investment funds	56%
Mutual funds	34
Fixed income securities	9
Other	<u>1</u>
	<u>100%</u>

***Expected Cash Contributions***

The United Way expects to contribute \$240,000 to the plan in 2016.

***Estimated Future Benefit Payments***

The following benefit payments, which reflect expected future services, are expected to be paid:

2016	\$ 36,118
2017	160,056
2018	5,346
2019	229,791
2020	205,382
Years 2021- 2025	<u>1,322,837</u>
	<u>\$ 1,959,530</u>

**United Way of Greenville County, Inc.**  
**Notes to Financial Statements**

For Plan assets carried at fair value, the following tables provide fair value information as of December 31, 2015:

<i>Assets measured at fair value</i>	Fair value at December 31, 2015	Fair value measurements at December 31, 2015 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Collective investment fund	\$ 1,141,657	\$ -	\$ 1,141,657	\$ -
Fixed income	181,939	181,939	-	-
Stable value mutual fund	690,802	690,802	-	-
Bank loan	<u>15,800</u>	<u>15,800</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 2,030,198</u>	<u>\$ 888,541</u>	<u>\$ 1,141,657</u>	<u>\$ -</u>

In addition to the Plan, United Way has a Section 403(b) qualified defined contribution plan. The United Way is committed to matching 50% of the first 4% of salary contributions for the thrift plan by each employee. Employer contributions to the thrift plan totaled approximately \$41,000 in 2015.

**15. Related Party Transactions**

United Way holds various deposit and investment accounts with financial institutions at which United Way board members are employed in executive and management roles.

In February of 2016, United Way entered into a contract with a board member owned company to renovate its office building. The contract amounts to approximately \$516,000 and the project is expected to be completed in early summer 2016.

**16. Subsequent Events**

Subsequent events have been evaluated through June 16, 2016, which is the date the financial statements were available to be issued.

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

Board of Trustees  
United Way of Greenville County, Inc.  
Greenville, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States 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 Greenville County, Inc. (the "United Way"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and allocations and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2016.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the United Way'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 the United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the United Way'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the United Way's financial statements are free of 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 the United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
June 16, 2016**

## **Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance**

Board of Trustees  
United Way of Greenville County, Inc.  
Greenville, South Carolina

### ***Report on Compliance for Each Major Federal Program***

We have audited United Way of Greenville County, Inc.'s (the "United Way") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the United Way's major federal program for the year ended December 31, 2015. The United Way's major federal program is identified in the summary of auditor's 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 of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the United Way'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 the audit 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). 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 the United Way'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 the United Way's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the United Way 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 December 31, 2015.

***Report on Internal Control over Compliance***

Management of the United Way 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 the United Way'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 the 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 the United Way'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of United Way of Greenville County, Inc. as of and for the year ended December 31, 2015, and have issued our report dated June 16, 2016, which contained an unmodified opinion on those financial statements. 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 awards, is presented for purposes of additional analysis as required by the Uniform Guidance and is not required part of the financial statements. Such information is the responsibility of management, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
June 16, 2016**

**United Way of Greenville County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2015**

Federal Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Total Federal Expenditures	Expenditures to Subrecipients
<b>Direct Programs:</b>				
Corporation for National and Community Service:				
Volunteers in Service to America	94.013	N/A	\$ 9,000	\$ -
Social Innovation Fund: On-Track Greenville	94.019	N/A	462,282	282,689
Department of Treasury:				
Volunteer Income Tax Assistance (VITA)				
Matching Grant Program	21.009	N/A	68,000	21,241
Department of Health and Human Services				
Administration for Children and Families:				
Assets for Independence Demonstration Program	93.602	N/A	69,110	-
Total Expenditures of Direct Programs			608,392	303,930
<b>Indirect Programs:</b>				
Corporation for National and Community Service:				
Passed through the United Way Association of South Carolina				
Commission on National and Community Service:				
AmeriCorps State and National (ARRA)	94.006	12AFHSC0010005/ 15AC172581	351,325	-
US Department of Agriculture Food and Nutrition Service:				
Passed through the South Carolina Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	440007521/ 4400011703	192,693	180,592
Total Expenditures of Indirect Programs			544,018	180,592
Total Expenditures of Federal Awards			<u>\$ 1,152,410</u>	<u>\$ 484,522</u>

**United Way of Greenville County, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2015**

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**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of United Way of Greenville County, Inc. (the "United Way") under programs of the federal government for the year ended December 31, 2015. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the United Way, it is not intended to and does not present the financial position, changes in net assets or cash flows of the United Way.

**2. Summary of Significant Account Policies**

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The United Way has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Contingencies**

The United Way's federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect its continued participation in specific programs. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time. However, the United Way expects such amounts, if any, to be immaterial.



**United Way of Greenville County, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2015**

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**Part I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

Federal Awards

Internal control over major program:

Material weakness(es) identified? \_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes        X   None reported

Type of auditors’ report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .200.516 of Uniform Guidance? \_\_\_\_\_ Yes        X   No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
94.006 94.019	AmeriCorps State and National (ARRA) Social Innovation Fund: On-Track Greenville

Dollar threshold used to distinguish between Type A and Type B programs:       \$750,000      

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**United Way of Greenville County, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2015**

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**Part II – Financial Statement Findings**

There are no matters that are required to be reported for the year ended December 31, 2015.

**Part III – Federal Award Findings and Questioned Costs**

There are no matters that are required to be reported for the year ended December 31, 2015.

**United Way of Greenville County, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2015**

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2014-001 Internal Controls over Financial Reporting for Federal Programs

*Status:* Corrected in the current year.