

UNITED WAY OF CHITTENDEN COUNTY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2016

UNITED WAY OF CHITTENDEN COUNTY, INC.

MARCH 31, 2016

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
United Way of Chittenden County, Inc.
South Burlington, Vermont

We have audited the accompanying statement of financial position of United Way of Chittenden County, Inc. (a Vermont nonprofit organization) as of March 31, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements which were audited by us and, in our report dated September 14, 2015, we expressed an unmodified opinion on those 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 U.S. generally accepted accounting principles; 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Chittenden County, Inc. as of March 31, 2016 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Tapia & Luckabay, P.C.

Vergennes, Vermont
September 15, 2016
Vermont Registration #108880

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016
(With Summarized Information for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 772,128	\$ 975,042
Certificate of deposit	55,884	55,884
Prepaid expenses and other assets	82,377	67,248
Pledges, grants and contributions receivable, net of allowance	1,537,288	1,775,806
Investments and endowments	2,461,318	2,636,455
Beneficial interest in assets held by others	38,231	41,968
Property and equipment, net of accumulated depreciation	622,174	656,313
TOTAL ASSETS	\$ 5,569,400	\$ 6,208,716
LIABILITIES AND NET ASSETS		
Liabilities:		
Allocations and designations payable	\$ 525,709	\$ 637,920
Accounts payable and accrued expenses	84,407	45,677
Accrued payroll-related liabilities	134,355	110,778
Deferred program service revenue	23,980	20,950
Total Liabilities	768,451	815,325
Net Assets:		
Unrestricted:		
Operating	981,461	1,184,283
Board-designated	13,815	13,815
Temporarily restricted	3,412,751	3,838,691
Permanently restricted	392,922	356,602
Total Net Assets	4,800,949	5,393,391
TOTAL LIABILITIES AND NET ASSETS	\$ 5,569,400	\$ 6,208,716

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016
(With Summarized Information for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
SUPPORT AND REVENUE:					
Gross campaign results - additional prior year contributions	\$ 91,386	\$ -	\$ -	\$ 91,386	\$ 143,620
Gross campaign results in prior year - released from restriction	3,472,743	(3,472,743)	-	-	-
Total campaign results	3,564,129	(3,472,743)	-	91,386	143,620
Less donor designations	(573,090)	573,090	-	-	-
Net campaign revenue - prior year	2,991,039	(2,899,653)	-	91,386	143,620
Gross campaign results - current and subsequent years	-	3,294,293	-	3,294,293	3,755,322
Less current year donor designations	-	(512,700)	-	(512,700)	(627,100)
Campaign revenue - current and subsequent years	-	2,781,593	-	2,781,593	3,128,222
Less current year designations released from restriction	-	-	-	-	(8,000)
Less provision for uncollectible pledges	-	(157,500)	-	(157,500)	(221,900)
Net campaign revenue - current and subsequent years	-	2,624,093	-	2,624,093	2,898,322
Designations from other United Ways	9,000	-	-	9,000	10,000
Donated goods and services	46,848	-	-	46,848	74,691
Other grants and contributions	55,234	565,583	40,057	660,874	664,596
Consulting and other program service revenue	169,039	-	-	169,039	129,894
Net investment income (loss)	(86,119)	(7,961)	-	(94,080)	64,152
Net change in beneficial interest in assets held by others	-	-	(3,737)	(3,737)	(184)
Other income	8,008	-	-	8,008	7,316
Non-campaign net assets released from restrictions:					
Satisfaction of program restrictions	708,002	(708,002)	-	-	-
TOTAL SUPPORT AND REVENUE (to Page 5)	3,901,051	(425,940)	36,320	3,511,431	3,992,407

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016
(With Summarized Information for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
SUPPORT AND REVENUE (from Page 4)	\$ 3,901,051	\$ (425,940)	\$ 36,320	\$ 3,511,431	\$ 3,992,407
EXPENSES:					
Program services:					
Gross funds awarded / distributed	2,548,819	-	-	2,548,819	2,628,957
Less donor designations	<u>(573,090)</u>	<u>-</u>	<u>-</u>	<u>(573,090)</u>	<u>(537,204)</u>
Net funds awarded / distributed	1,975,729	-	-	1,975,729	2,091,753
Community impact and volunteer mobilization	<u>1,214,095</u>	<u>-</u>	<u>-</u>	<u>1,214,095</u>	<u>1,202,942</u>
Total program service expenses	<u>3,189,824</u>	<u>-</u>	<u>-</u>	<u>3,189,824</u>	<u>3,294,695</u>
Supporting services:					
Management and general	284,670	-	-	284,670	254,403
Fundraising	<u>629,379</u>	<u>-</u>	<u>-</u>	<u>629,379</u>	<u>663,541</u>
Total supporting service expenses	<u>914,049</u>	<u>-</u>	<u>-</u>	<u>914,049</u>	<u>917,944</u>
TOTAL EXPENSES	<u>4,103,873</u>	<u>-</u>	<u>-</u>	<u>4,103,873</u>	<u>4,212,639</u>
CHANGE IN NET ASSETS	(202,822)	(425,940)	36,320	(592,442)	(220,232)
NET ASSETS, beginning of year	<u>1,198,098</u>	<u>3,838,691</u>	<u>356,602</u>	<u>5,393,391</u>	<u>5,613,623</u>
NET ASSETS, end of year	<u>\$ 995,276</u>	<u>\$ 3,412,751</u>	<u>\$ 392,922</u>	<u>\$ 4,800,949</u>	<u>\$ 5,393,391</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2016
(With Summarized Information for 2015)

	Program Services			Supporting Services			2016 TOTAL	2015 TOTAL
	Community Investments	Community Impact & Volunteer Mobilization	TOTAL	Management & General	Fundraising	TOTAL		
Program allocations and awards	\$ 2,418,706	\$ -	\$ 2,418,706	\$ -	\$ -	\$ -	\$ 2,418,706	\$ 2,437,204
Strategic initiative grants	130,113	-	130,113	-	-	-	130,113	191,753
Less donor designations	(573,090)	-	(573,090)	-	-	-	(573,090)	(537,204)
Sub-total	<u>1,975,729</u>	<u>-</u>	<u>1,975,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,975,729</u>	<u>2,091,753</u>
Salaries and wages	-	664,218	664,218	136,390	343,641	480,031	1,144,249	1,134,978
Payroll taxes and benefits	-	178,749	178,749	36,706	92,478	129,184	307,933	302,226
	-	842,967	842,967	173,096	436,119	609,215	1,452,182	1,437,204
Stipends	-	62,395	62,395	-	-	-	62,395	81,101
Volunteer expenses	-	41,495	41,495	-	-	-	41,495	46,933
Occupancy costs	-	14,247	14,247	4,875	4,910	9,785	24,032	23,687
Travel, conferences and meetings	-	33,129	33,129	10,562	10,419	20,981	54,110	46,418
Public relations and printing	-	17,021	17,021	2,893	57,780	60,673	77,694	95,832
Miscellaneous	-	4,718	4,718	6,344	4,984	11,328	16,046	20,216
Postage	-	3,094	3,094	476	5,981	6,457	9,551	9,159
Equipment repair and maintenance	-	21,918	21,918	6,135	15,981	22,116	44,034	34,995
Telephone and internet	-	9,414	9,414	2,933	3,481	6,414	15,828	18,060
Supplies	-	5,720	5,720	989	6,098	7,087	12,807	7,406
Contracted services	-	111,969	111,969	55,395	51,568	106,963	218,932	207,607
Dues and subscriptions	-	818	818	712	2,695	3,407	4,225	3,808
Insurance	-	7,130	7,130	5,016	5,318	10,334	17,464	15,691
Depreciation	-	16,327	16,327	10,785	12,766	23,551	39,878	37,759
Sub-total	<u>-</u>	<u>1,192,362</u>	<u>1,192,362</u>	<u>280,211</u>	<u>618,100</u>	<u>898,311</u>	<u>2,090,673</u>	<u>2,085,876</u>
United Way Worldwide dues	-	21,733	21,733	4,459	11,279	15,738	37,471	35,010
	<u>\$ 1,975,729</u>	<u>\$ 1,214,095</u>	<u>\$ 3,189,824</u>	<u>\$ 284,670</u>	<u>\$ 629,379</u>	<u>\$ 914,049</u>	<u>\$ 4,103,873</u>	<u>\$ 4,212,639</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016
(With Summarized Information for 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (592,442)	\$ (220,232)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Permanently restricted contributions	(40,057)	(1,600)
Depreciation	39,878	37,759
Realized and unrealized (gains) losses on investments	146,179	(17,960)
Net change in beneficial interest in assets held by others	3,737	184
Retained interest on certificate of deposit	-	(1)
(Increase) decrease in operating assets:		
Prepaid expenses and other assets	(15,129)	(15,636)
Pledges, grants and contributions receivable	238,518	(53,953)
Increase (decrease) in operating liabilities:		
Allocations and designations payable	(112,211)	12,915
Accounts payable and accrued expenses	38,730	4,139
Accrued payroll-related liabilities	23,577	(11)
Deferred program service revenue	3,030	(8,500)
NET CASH USED IN OPERATING ACTIVITIES	(266,190)	(262,896)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(405,380)	(817,207)
Sales of investments	434,338	872,529
Purchase of property and equipment	(5,739)	(17,026)
NET CASH PROVIDED BY INVESTING ACTIVITIES	23,219	38,296
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions received	40,057	1,600
NET CASH PROVIDED BY FINANCING ACTIVITIES	40,057	1,600
NET DECREASE IN CASH AND CASH EQUIVALENTS	(202,914)	(223,000)
CASH AND CASH EQUIVALENTS:		
Beginning of year	975,042	1,198,042
End of year	\$ 772,128	\$ 975,042

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1 – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

Founded in 1942 and incorporated in Vermont in 1971, United Way of Chittenden County, Inc. (“UWCC” or “the Organization”) advances the common good by creating opportunities for a better life for all, focusing on Education, Income and Health – the building blocks of a better quality of life. UWCC fulfills its mission of “building a stronger Chittenden County by mobilizing our community to improve people’s lives” by:

- conducting a nearly \$4 million annual community fundraising campaign which provides for the investment in a portfolio of high quality local health and human services programs all working toward pre-determined community goals in Education, Income and Health and serving children, families and individuals throughout Chittenden County;
- convening local collaborations with other nonprofits, businesses, faith-based organizations, health care providers, law enforcement agencies and whoever needs to be “at the table” to look at root causes of community issues in order to find sustainable solutions;
- recruiting thousands of individuals and organizations to volunteer annually to strengthen the capacity of nonprofit agencies to achieve their missions; and
- recruiting and training volunteers 55 years and older to work in day care centers and schools to support children and young people to achieve their greatest potential in formal learning environments.

The Organization’s support comes primarily from contributions from individuals, businesses and foundations during its annual campaign with additional support from non-campaign grants and contributions, program-related fee for service work and investment income.

Merger and Name Change:

As discussed in Note 12, **on April 1, 2016, Franklin - Grand Isle United Way, Inc. (“FGIUW”) merged into United Way of Chittenden County, Inc.** with UWCC changing its name to “United Way of Northwest Vermont, Inc.”

Financial Statement Presentation:

UWCC 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 upon the existence and/or nature of any donor-imposed restrictions. 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 in the statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification:

Portions of the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation.

Cash and cash equivalents:

UWCC has elected to treat all cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents (except for money funds held in separate investment accounts).

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Fair Value Measurements:

Generally accepted accounting principles for fair value measurements emphasize a market-based approach to fair market value and require disclosures about valuation techniques used in the preparation of financial statements. The framework establishes a hierarchy that prioritizes the inputs used in measuring fair value (with Level I given the highest priority and Level III the lowest):

- Level I inputs are quoted prices available in active markets.
- Level II inputs are other than quoted prices in active markets which are “observable” as of the reporting date (such as published life expectancy tables used for valuing an annuity).
- Level III measurements use “significant unobservable inputs” and include net present value calculations of estimated future cash flows.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information:

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended March 31, 2015, from which the summarized information was derived.

Functional Allocation of Expenses:

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

Description of Programs:

A description of the major programs included in these financial statements is as follows:

Community Investments:

Through a multi-step process, a diverse group, which includes volunteers and board members, evaluates applications from local nonprofit agencies and makes funding decisions that help achieve community-determined priorities. UWCC awarded nearly \$2,000,000 in agency allocations for 2015 and 2016 – funded through the undesignated portion of the Organization’s annual community campaign. UWCC also distributes donor-designated funds to both member and qualified non-member agencies based on amounts actually collected. No campaign or administrative costs were charged to designated funds in 2015 or 2016 – 100% of amounts collected were distributed.

Community Impact and Volunteer Mobilization:

UWCC’s “Community Impact and Volunteer Mobilization” activities promote and support more effective volunteering, assist organizations in managing volunteers more effectively, recruit and refer individuals to satisfy volunteer opportunities, and provide volunteer management assistance, consultation, and training to nonprofit organizations. In addition to its referral and educational services, UWCC conducts two, major “55+” volunteer programs funded in large part by federal and state grants – the “Retired and Senior Volunteer Program (“RSVP”) of Chittenden County” and the “Foster Grandparent Program (“FGP”):

RSVP:

- **School Buddies** help school-age children who teachers have identified as not meeting current academic standards in reading, math, spelling or other academic areas.
- **Read To Me Volunteers** read one-on-one and in small groups to children in local child care centers to promote not only a love of reading but the skills necessary to become emerging readers.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued):

FGP:

- **Foster Grandparent Program:** FGP volunteers share their warmth and encouragement with children by helping teachers in a classroom setting 15 or more hours per week. FGP serves children in Chittenden, Franklin, Grand Isle and Washington Counties. Volunteers receive a tax-free stipend that does not affect other benefits.

NOTE 2 - INCOME TAXES

UWCC is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to UWCC qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any “uncertain tax positions” that are material to the financial statements.

Generally accepted accounting principles require the Organization to disclose the fact that its Forms 990 for the fiscal years ended March 31, 2013, 2014 and 2015 remain subject to examination by the IRS (generally for three years following the date they were filed).

NOTE 3 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk with respect to its cash concentrations.

NOTE 4 – RETIREMENT PLAN

The Organization sponsors a 403 (b) Thrift Plan that covers substantially all employees. There are no minimum age or service requirements for employees to make contributions to the plan. For employees who work more than 1,000 hours per year and have completed one year of service, the Organization makes an “employer base contribution” of 3% of total compensation. For employees making their own salary deferral contributions, UWCC also makes a matching contribution up to an additional 3% of compensation. Employer contributions to the plan were \$59,988 and \$60,509 for the years ended March 31, 2016 and 2015, respectively.

UNITED WAY OF CHITTENDEN COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31st:

	<u>2016</u>	<u>2015</u>
Building and improvements	\$ 867,095	\$ 867,095
Office equipment and computers	122,141	117,401
Website and software	<u>11,768</u>	<u>10,768</u>
Subtotal	1,001,004	995,264
Less - accumulated depreciation	<u>(378,830)</u>	<u>(338,951)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 622,174</u>	<u>\$ 656,313</u>

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$39,878 and \$37,759 for the years ended March 31, 2016 and 2015, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 - 30 years
Office equipment and computers	3-5 years
Website and software	3-5 years

NOTE 6 – IN-KIND CONTRIBUTIONS (DONATED GOODS AND SERVICES)

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills and would otherwise be purchased by the Organization. The value of donated goods and services included as contributions in the financial statements and the corresponding expenses benefited for the years ended March 31st are as follows:

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fundraising</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
Public relations and printing	\$ 5,174	\$ -	\$ 18,920	\$ 24,094	\$ 36,540
Travel, conferences & meetings	-	-	3,351	3,351	5,442
Volunteer expenses	13,499	-	-	13,499	23,393
Occupancy costs	4,200	-	-	4,200	4,200
Contracted services	-	500	-	500	4,070
Miscellaneous	<u>1,187</u>	<u>5</u>	<u>12</u>	<u>1,204</u>	<u>1,046</u>
Total in-kind contributions	<u>\$ 24,060</u>	<u>\$ 505</u>	<u>\$ 22,283</u>	<u>\$ 46,848</u>	<u>\$ 74,691</u>

In addition to the amounts shown above, the Organization receives thousands of hours of donated time benefiting program and supporting services that was not recorded in the financial statements because the services do not meet the criteria for recognition under U.S. generally accepted accounting principles.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 7 – PLEDGES, GRANTS AND CONTRIBUTIONS RECEIVABLE

Included in grants and contributions receivable are the following unrestricted, temporarily restricted, and permanently restricted unconditional promises to give as of March 31st:

	<u>2016</u>	<u>2015</u>
Unrestricted:		
Prior year campaign pledges receivable	\$ <u>6,404</u>	\$ <u>9,828</u>
Temporarily restricted:		
Current year campaign pledges receivable	1,699,276	1,948,497
Other temporarily restricted:		
For the Foster Grandparent and RSVP programs	33,250	13,189
For other programs	<u>23,658</u>	<u>77,192</u>
Total temporarily restricted	<u>1,756,184</u>	<u>2,038,878</u>
Permanently restricted	<u>200</u>	<u>200</u>
Total (gross) unconditional promises to give	1,762,788	2,048,906
Less allowance for uncollectible campaign pledges	(157,500)	(221,900)
Less other allowance for uncollectible promises	<u>(68,000)</u>	<u>(51,200)</u>
Total (net) unconditional promises to give	<u>\$ 1,537,288</u>	<u>\$ 1,775,806</u>
Receivable in less than one year	\$ 1,762,788	\$ 2,048,906
Receivable in one to five years	<u>-</u>	<u>-</u>
Total (gross) unconditional promises to give	<u>\$ 1,762,788</u>	<u>\$ 2,048,906</u>

Each year, based on prior experience, UWCC estimates an amount of current year campaign pledges that will not be collected – primarily due to employee turnover at participating employers. Actual pledges receivable written off were approximately \$205,000 and \$168,000 for the fiscal years ended March 31, 2016 and 2015, respectively.

There were no material conditional promises to give at March 31, 2016 or 2015. Conditional promises to give are not recorded until the conditions are substantially fulfilled.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 8 – INVESTMENTS AND ENDOWMENTS

UWCC maintains four separate investment accounts – two for unrestricted funds, one for temporarily restricted funds received for “The Gretchen Fund” (named in honor of the Organization’s long-time and former executive director and restricted to special “sustainable community projects”) and the last for permanently restricted funds received over a number of years.

Interpretation of Relevant Law:

UWCC interprets state law (under the *Uniform Prudent Management of Institutional Funds Act – “UPMIFA”*) to require the preservation of the fair value of the original gift as of the gift date of its permanently restricted endowment fund absent explicit donor stipulations to the contrary. Retained appreciation of the permanently restricted fund, if any, in excess of historical cost, is shown as temporarily restricted net assets until *appropriated* by management for operations.

Return Objectives, Risk Parameters and Investment Strategies:

UWCC has adopted investment and spending policies for unrestricted investment and permanently restricted endowment assets with the goal of a “managed portfolio...well-diversified among equity and fixed income investments to fulfill the need for capital appreciation with an acceptable level of income.” To satisfy its long-term rate of return objectives for its invested funds, the Organization relies on a total return strategy in which returns are achieved through a combination of capital appreciation (realized and unrealized capital gains) and current yield (interest and dividends). For both unrestricted and permanently restricted investment accounts, the Organization targets a diversified asset allocation currently balanced between fixed-income and equity-based investments (with a target equity allocation of 60%) to achieve its long-term return objectives within prudent risk constraints. Investment policies for “The Gretchen Fund” investments are similar to those for the unrestricted and endowment funds with a more conservative allocation mix targeting 40% equities.

Spending Policy and its Relation to Investment Strategies and Objectives:

Annual spending from both its unrestricted and permanently restricted invested funds is divided into *non-discretionary* and *discretionary* distribution amounts (2% for the non-discretionary and *up to* 3% for the discretionary) with the discretionary portion determined by the Organization’s investment committee and both percentages based on the average market value of the investments over the prior three years. Funds expended from “The Gretchen Fund” “shall be in accordance with the stated objective of the Fund and will be in such amounts and to such parties as authorized by the Board of Directors...” In addition to small distributions used to pay certain investment-related liabilities, UWCC made \$110,000 in distributions from its investment funds (“appropriated for operations”) in 2016 (\$103,000 in 2015). UWCC also made a \$10,000 distribution from The Gretchen Fund in 2016. Over the long-term, UWCC expects its unrestricted and permanently restricted funds to grow by an amount that exceeds the overall rate of inflation – an amount that will protect the purchasing power of the investment and endowment assets held in perpetuity.

UNITED WAY OF CHITTENDEN COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

UWCC values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (all determined by “Level 1” inputs by reference to quoted market prices) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

The cost, fair market value, and unrealized appreciation (depreciation) of the Organization’s investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
As of March 31, 2016:			
Money funds	\$ 125,458	\$ 125,458	\$ -
Bonds & fixed-income mutual funds	956,028	908,399	(47,629)
Equities & equity mutual funds	<u>1,572,668</u>	<u>1,427,461</u>	<u>(145,207)</u>
	<u>\$ 2,654,154</u>	<u>\$ 2,461,318</u>	<u>\$ (192,836)</u>
As of March 31, 2015:			
Money funds	\$ 152,501	\$ 152,501	\$ -
Bonds & fixed-income mutual funds	1,170,859	1,163,082	(7,777)
Equities & equity mutual funds	<u>1,330,037</u>	<u>1,320,872</u>	<u>(9,165)</u>
	<u>\$ 2,653,397</u>	<u>\$ 2,636,455</u>	<u>\$ (16,942)</u>

The fair market value of UWCC’s investment and endowment funds, by investment class, is summarized as follows (“UR” is unrestricted, “TR” is temporarily restricted and “PR” is permanently restricted):

	<u>UR Operating Fund</u>	<u>UR / TR Gretchen Fund</u>	<u>PR Endowment Fund</u>	<u>Total</u>
As of March 31, 2016:				
Money funds	\$ 20,099	\$ 100,071	\$ 5,288	\$ 125,458
Bonds & fixed-income mutual funds	518,372	228,607	161,420	908,399
Equities & equity mutual funds	<u>981,997</u>	<u>158,423</u>	<u>287,041</u>	<u>1,427,461</u>
	<u>\$ 1,520,468</u>	<u>\$ 487,101</u>	<u>\$ 453,749</u>	<u>\$ 2,461,318</u>
As of March 31, 2015:				
Money funds	\$ 39,813	\$ 101,554	\$ 11,134	\$ 152,501
Bonds & fixed-income mutual funds	707,516	264,288	191,278	1,163,082
Equities & equity mutual funds	<u>927,114</u>	<u>141,716</u>	<u>252,042</u>	<u>1,320,872</u>
	<u>\$ 1,674,443</u>	<u>\$ 507,558</u>	<u>\$ 454,454</u>	<u>\$ 2,636,455</u>

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

A reconciliation of the beginning and ending balances of the Organization’s investment and endowment funds, including the components of investment income for the years ended March 31, 2015 and 2016, by net asset class is summarized as follows:

	UR	TR	Endowment Fund		Total
	Operating Funds	The Gretchen Fund	TR Appreciation	PR Corpus	
Value of Invested Funds 4/1/14:	\$ 1,739,095	\$ 472,329	\$ 149,359	\$ 313,034	\$ 2,673,817
Contributions received	-	-	-	1,400	1,400
Interest and dividends	39,763	10,616	10,707	-	61,086
Realized gains / (losses)	50,248	-	11,625	-	61,873
Unrealized gains / (losses)	(36,122)	-	(7,791)	-	(43,913)
Investment fees	(9,556)	(2,758)	(2,580)	-	(14,894)
Net investment income (loss)	44,333	7,858	11,961	-	64,152
Appropriated for operations	(81,700)	-	(21,300)	-	(103,000)
Non-operating transfers in (out)	86	-	-	-	86
Net transfers in (out)	(81,614)	-	(21,300)	-	(102,914)
Value of Invested Funds 3/31/15:	1,701,814	480,187	140,020	314,434	2,636,455
Contributions received	-	-	-	40,057	40,057
Interest and dividends	42,269	12,567	11,508	-	66,344
Realized gains / (losses)	24,052	-	5,663	-	29,715
Unrealized gains / (losses)	(143,416)	-	(32,478)	-	(175,894)
Investment fees	(9,024)	(2,766)	(2,455)	-	(14,245)
Net investment income (loss)	(86,119)	9,801	(17,762)	-	(94,080)
Appropriated for operations	(87,000)	-	(23,000)	-	(110,000)
Non-operating transfers in (out)	(1,114)	(10,000)	-	-	(11,114)
Net transfers in (out)	(88,114)	(10,000)	(23,000)	-	(121,114)
Value of Invested Funds 3/31/16:	\$ 1,527,581	\$ 479,988	\$ 99,258	\$ 354,491	\$ 2,461,318

The \$99,258 in temporarily restricted endowment fund net assets at March 31, 2016 represents the cumulative unappropriated appreciation in the endowment fund whose fair value exceeds the amount that must be retained.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 1988, the Organization transferred approximately \$24,300 to the Vermont Community Foundation for the establishment of a fund to benefit the Organization. Income earned by the fund (i.e. the allocable amount of earnings from the Foundation’s common pooled fund) is generally distributable to the Organization (at the direction of the Organization) on an annual basis. UWCC, however, has granted variance power to the Foundation which means that the Board of Directors of the Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Because the fund was established in conjunction with a specific donor who contributed the \$24,300 to UWCC and, the Organization believes, intended for the fund to remain at the Foundation in perpetuity, the Organization considers the entire balance, as adjusted by market changes and distributions, to be permanently restricted.

NOTE 10 – AFFILIATIONS

United Ways of Vermont, Inc.:

United Ways of Vermont, Inc. (“UWsVT”) is a non-profit, membership organization whose members are the seven United Ways operating in Vermont including UWCC and FGIUW. UWsVT coordinates fundraising, training and education, and planning for its members and runs the State’s “Vermont 2-1-1” call center – a streamlined and confidential health and human services information and referral system serving all Vermont residents twenty four hours a day, seven days a week.

UWsVT collects membership fees based on a percentage of the members’ campaign receipts. UWCC paid membership fees to UWsVT of \$54,113 and \$52,887 for the fiscal years ended March 31, 2016 and 2015, respectively.

United Way Worldwide:

Under an annual agreement with United Way Worldwide (“UWW”), UWCC is bound to certain governance, financial reporting and operational standards and is subject to periodic monitoring by UWW. UWCC also must remit annual dues of 1% of gross campaign receipts (plus certain other receipts and adjustments beginning January 1, 2016) reported under UWW reporting standards (\$37,471 and \$35,010 for the fiscal years ended March 31, 2016 and 2015, respectively).

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 11 – NET ASSETS

In September each year, UWCC kicks off its annual community fundraising campaign which concludes at the end of the fiscal year. Funds raised in the current fiscal year’s annual campaign are used to support community investment and the Organization’s operations in the following fiscal year. Consequently, the results of the current year campaign are recorded as temporarily restricted net assets in the current fiscal year and released in the subsequent fiscal year.

Net assets are composed of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
As of March 31, 2016:				
Current year campaign & out of area receipts	\$ -	\$ 2,627,593	\$ -	\$ 2,627,593
Subsequent year's campaign	-	11,000	-	11,000
Endowment fund:				
In investments	-	99,258	354,491	453,749
In receivables	-	-	200	200
Beneficial interest in assets held by others	-	-	38,231	38,231
The Gretchen Fund (special initiatives)	-	479,988	-	479,988
Restricted for program activities:				
For Community Impact & Volunteer Mobilization	-	194,912	-	194,912
Board designated - Volunteer Connection	13,815	-	-	13,815
Investment in property & equipment	622,174	-	-	622,174
Other unrestricted	359,287	-	-	359,287
	<u>\$ 995,276</u>	<u>\$ 3,412,751</u>	<u>\$ 392,922</u>	<u>\$ 4,800,949</u>
As of March 31, 2015:				
Current year campaign & out of area receipts	\$ -	\$ 2,899,653	\$ -	\$ 2,899,653
Subsequent year's campaign	-	14,500	-	14,500
Endowment fund:				
In investments	-	140,020	314,434	454,454
In receivables	-	-	200	200
Beneficial interest in assets held by others	-	-	41,968	41,968
The Gretchen Fund (special initiatives)	-	480,187	-	480,187
Restricted for program activities:				
For Community Impact & Volunteer Mobilization	-	229,531	-	229,531
For the Working Bridges program	-	74,800	-	74,800
Board designated - Volunteer Connection	13,815	-	-	13,815
Investment in property & equipment	656,313	-	-	656,313
Other unrestricted	527,970	-	-	527,970
	<u>\$ 1,198,098</u>	<u>\$ 3,838,691</u>	<u>\$ 356,602</u>	<u>\$ 5,393,391</u>

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 11 – NET ASSETS (continued)

Included in the (\$202,822) change in unrestricted net assets for the fiscal year ended March 31, 2016, were \$15,000 of special, one-time, program allocations and awards in the Income Impact area approved by the Board of Directors and included in the Organization's operating budget for the year. Also included are unbudgeted, direct expenses of approximately \$16,000 related to the merger discussed below (\$32,000 net of \$16,000 in donations raised to defray the costs).

Included in the (\$270,587) change in unrestricted net assets for the fiscal year ended March 31, 2015, were nearly \$100,000 of special, one-time, program allocations and awards (and related market research) in the Income Impact area approved by the Board of Directors and included in the Organization's operating budget for the year.

NOTE 12 – FRANKLIN – GRAND ISLE UNITED WAY AND UNITED WAY OF CHITTENDEN COUNTY MERGER

As discussed in Note 1, on April 1, 2016, Franklin – Grand Isle United Way, Inc. *merged into* United Way of Chittenden County, Inc. with the surviving corporation taking the legal name United Way of Northwest Vermont, Inc. and having its headquarters in UWCC's (now "UWNWVT") South Burlington offices. Approximately \$761,000 in assets were received by UWCC as part of the merger (\$277,000 in cash, \$311,000 in property and equipment and \$173,000 in pledges receivable and other assets), net of approximately \$43,000 in liabilities assumed (including \$29,000 in donor designations payable and \$14,000 in other liabilities). Net assets received included approximately \$242,000 in temporarily restricted net assets (most of which represents current year campaign revenue restricted for the following fiscal year).

NOTE 13 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated "events" subsequent to March 31, 2016 through September 15, 2016 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

See Note 12 for information about the April 1, 2016 merger of FGIUW into UWCC to form UWNWVT.