

UNITED WAY OF ETOWAH COUNTY, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

with

Independent Auditor's Report

JAMES D. PARR, CPA, P.C.
Certified Public Accountant

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 10

JAMES D. PARR, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

611 SOUTH 4TH STREET

P.O. BOX 1847

GADSDEN, ALABAMA 35902

OFFICE (256) 549-0506

MOBILE (256) 312-7271

FACSIMILE (256) 546-4424

EMAIL jim@jdparrcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

United Way of Etowah County

I have audited the accompanying financial statements of The United Way of Etowah County, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the 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.

Auditor's Responsibility

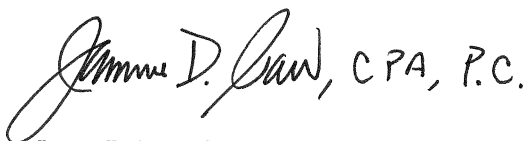
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Etowah County, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



James D. Parr, CPA, P.C.

December 11, 2017

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 261,594	\$ 343,766
Bank certificates of deposit	100,000	100,000
Marketable securities	901,541	806,578
Pledges receivable - net of allowance for uncollectible pledges of \$224,920 (\$233,264 in 2015)	1,160,585	1,131,952
Other receivables	<u>21,904</u>	<u>20,440</u>
TOTAL CURRENT ASSETS	2,445,624	2,402,736
PROPERTY AND EQUIPMENT		
Automobile	29,802	29,802
Office furniture and equipment	160,723	158,910
Land and building	294,689	294,689
Less accumulated depreciation	<u>(247,105)</u>	<u>(233,232)</u>
EQUIPMENT - NET	<u>238,109</u>	<u>250,169</u>
TOTAL ASSETS	<u>\$ 2,683,733</u>	<u>\$ 2,652,905</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 1,687
Due agencies and grant recipients	<u>799,250</u>	<u>786,777</u>
TOTAL CURRENT LIABILITIES	799,250	788,464
NET ASSETS		
Unrestricted	636,255	667,517
Temporarily restricted	<u>1,248,228</u>	<u>1,196,924</u>
TOTAL NET ASSETS	<u>1,884,483</u>	<u>1,864,441</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,683,733</u>	<u>\$ 2,652,905</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND REVENUE		
Contributions received in current period (net of allowance for uncollectible pledges)	\$ 227,944	\$ 240,425
Special events - net of expenses of \$33,343 (\$40,150 in 2015)	58,819	54,643
Investment income	<u>37,879</u>	<u>(857)</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	324,642	294,211
NET ASSETS RELEASED FROM RESTRICTIONS		
Contributions received in prior periods	<u>1,196,924</u>	<u>1,150,335</u>
TOTAL UNRESTRICTED SUPPORT	1,521,566	1,444,546
EXPENSES		
Allocations to agencies and grants	830,172	810,535
Donor designations	6,321	16,891
United Way of America	15,264	13,375
Information and referral	142,496	136,998
Children's initiative	209,171	187,913
Disaster relief	36,409	41,442
Community building	49,083	48,673
Fund raising	169,701	167,425
Management and general	<u>94,211</u>	<u>99,518</u>
TOTAL EXPENSES	<u>1,552,828</u>	<u>1,522,770</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(31,262)	(78,224)
TEMPORARILY RESTRICTED NET ASSETS		
Campaign contributions received for next allocation (net of allowance for uncollectible pledges)	1,248,228	1,196,924
Contributions received in prior periods released from restrictions	<u>(1,196,924)</u>	<u>(1,150,335)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	51,304	46,589
NET ASSETS AT BEGINNING OF YEAR	<u>1,864,441</u>	<u>1,896,076</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,884,483</u>	<u>\$ 1,864,441</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 20,042	\$ (31,635)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	13,873	15,076
Realized and unrealized loss (gain) on sale of marketable securities	(16,885)	35,564
Changes in certain operating assets and liabilities		
Pledges receivable	(28,633)	(23,397)
Other receivables	(1,464)	139
Accounts payable and accrued expenses	(1,687)	35
Due agencies	<u>12,473</u>	<u>16,896</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,281)	12,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,813)	-
Sales of marketable securities	1,545,973	1,103,771
Purchase of marketable securities	<u>(1,624,051)</u>	<u>(1,090,114)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(79,891)	13,657
NET INCREASE (DECREASE) IN CASH	(82,172)	26,335
CASH AT BEGINNING OF YEAR	<u>343,766</u>	<u>317,431</u>
CASH AT END OF YEAR	<u>\$ 261,594</u>	<u>\$ 343,766</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

With comparative totals for the year ended December 31, 2015

	FUND RAISING	MANAGEMENT AND GENERAL	INFORMATION AND REFERRAL	CHILDRENS INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	2016 TOTAL	2015 TOTAL
Salaries	\$ 61,838	\$ 39,774	\$ 94,697	\$ 73,706	\$ 8,005	\$ 33,621	\$ 311,641	\$ 294,843
Employee benefits	9,506	6,114	11,602	12,691	1,230	5,159	46,302	51,718
Payroll taxes	4,859	3,125	6,572	5,775	629	2,643	23,603	23,495
Total salaries and related expenses	76,203	49,013	112,871	92,172	9,864	41,423	381,546	370,056
Awards and recognition	9,031		162				9,193	17,236
Conferences and meetings	2,469	1,481	2,703	1,645			8,298	3,411
Endowment fund		6,731					6,731	6,802
Equipment rent and maintenance	4,046	2,427	1,204	815			8,492	6,972
Insurance	3,678	2,207		901			6,786	6,219
Miscellaneous	23,588	8,973	3,884	1,807			38,252	40,713
Postage and shipping	1,457	874	44	44			2,419	2,420
Professional services		7,500					7,500	7,500
Program services			4,268	105,942	26,545	7,660	144,415	130,816
Supplies, printing and publications	26,382	1,297	3,452	1,714			32,845	32,219
Telephone	2,250	1,350	6,317	617			10,534	9,925
Travel	5,687	3,412	5,376	1,176			15,651	13,133
Utilities	6,371	3,822	2,181	2,162			14,536	19,470
Total before depreciation	161,162	89,087	142,462	208,995	36,409	49,083	687,198	666,892
Depreciation	8,539	5,124	34	176			13,873	15,077
TOTAL FUNCTIONAL EXPENSES	\$ 169,701	\$ 94,211	\$ 142,496	\$ 209,171	\$ 36,409	\$ 49,083	\$ 701,071	\$ 681,969

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The United Way of Etowah County, Inc. is a fund-raising organization which carries on an annual campaign to raise money for local member charitable organizations. Volunteers then determine needs and allocate funds to these organizations, subject to approval of the Board of Directors.

Basis of accounting

The financial statements of United Way of Etowah County, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Organization is required to report 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.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Donor imposed restrictions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to give/pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Campaign expenses

Campaign expenses are charged to expense as they are incurred.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equipment

Equipment is stated at cost or, if contributed, at the fair market value at the date of contribution. Depreciation is provided on the straight-line method over their estimated useful lives.

Donated materials, equipment and services

Donated materials and equipment are reflected as contributions at their estimated fair market value at date of donation.

No amounts have been reflected in the accompanying statements for donated services. The Organization pays for most services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund raising campaigns.

Expense allocation

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

Income tax status

The United Way is exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law and contributions to it are tax deductible within the limitations prescribed by the Code.

Estimates

The preparation of financial statements in conformity with 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.

Compensated absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

UNITED WAY OF ETOWAH COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE B - RETIREMENT PLAN

The United Way participates in a defined contribution retirement plan which covers substantially all employees. The plan requires United Way to contribute 5 percent of the base pay for all eligible participants. Contributions to the plan amounted to \$13,051 for 2016 and \$13,068 for 2015.

NOTE C - PROMISES TO GIVE

The Organization holds an annual fund-raising campaign each year to provide for allocations to member agencies and operating expenses for the following year. The promises to give as of December 31, 2016 are unconditional and are due in 2017.

NOTE D - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are those assets with time restrictions placed upon them for use in the following year.

NOTE E - NET ASSETS RELEASED FROM RESTRICTION

Net assets in the amount of \$1,196,924 were released from restriction due to the occurrence of the time restriction placed on them.

NOTE F - FINANCIAL INSTRUMENTS

Concentrations of credit risk arising from cash deposits in excess of insured limits

The Organization maintains cash balances at several financial institutions located in Gadsden, AL. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, the Organization had no uninsured cash balances.

NOTE G – INVESTMENTS

Investments at December 31, 2016 consist primarily of mutual multi-strategy equity and bond funds reported at fair value as follows:

	2016			2015
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Exchange Products	\$ 185,226	\$ 175,055	\$ 10,171	\$ -
Mutual Equity Funds	606,269	583,492	22,777	684,234
Mutual Bond Funds	110,046	110,402	(356)	122,344
	\$ 901,541	\$ 868,949	\$ 32,592	\$ 806,578

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE G – INVESTMENTS (Continued)

Investment returns are summarized as follows:

	<u>2016</u>	<u>2015</u>
Fidelity Investments		
Interest, dividends and capital gains	\$ 20,378	\$ 34,218
Net realized and unrealized gains and (losses)	<u>16,886</u>	<u>(35,564)</u>
Total Fidelity Investments	37,264	(1,346)
Other Interest Income	<u>615</u>	<u>489</u>
Total Unrestricted Investment Income	<u>\$ 37,879</u>	<u>\$ (857)</u>

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At December 31, 2016 and 2015, the Organization’s investments consisted of publicly traded equity securities and money-market mutual funds. Investments are reported at fair value using Level 1 measure.

NOTE H – SUBSEQUENT EVENTS

Building Purchase and Renovation

In January 2017, the United Way placed a \$40,000 bid deposit with the State of Alabama to purchase an existing building at 235 College Street (the former Alabama Department of Revenue Building) for its new facility. Being the successful bidder at \$210,928, the United Way obtained a loan from The Exchange Bank of Alabama on March 31, 2017, to finance the balance of the purchase price and necessary renovations. The purchase was completed on April 10, 2017. On June 14, 2017, the United Way entered into a contract with Hudak Construction Co., Inc. in the amount of \$200,774 (including change orders) to renovate the building. Building renovations were completed and the United Way moved into the facility in September 2017.

Sale of Existing Building

Knowing that the relocation of its facilities to the College Street building was inevitable, on March 13, 2017, the United Way entered into an agreement to sell the existing facilities at 605 South 4th Street to the James M. Barrie Center for Children, Inc. for \$195,000. The agreement required a deposit of \$1,500 with the balance of \$193,500 at closing. The closing occurred on September 8, 2017. The United Way recognized a loss of \$35,507 on the sale of the building in 2017.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE H – SUBSEQUENT EVENTS (Continued)

Note Payable to Exchange Bank

As described above, on March 31, 2017, the United Way obtained a loan from The Exchange Bank of Alabama to partially finance the purchase of the 235 College Street property and necessary renovations. The loan is in the amount of \$300,000 with 5% per annum interest and matures April 5, 2018. It requires interest only payments quarterly beginning July 5, 2017.

Subsequent events were evaluated through December 11, 2017, which is the date the financial statements were available to be issued.