

UNITED WAY OF TUSCOLA COUNTY

Financial Statements

(and additional supplementary information)

December 31, 2016 & 2015

Review

UNITED WAY OF TUSCOLA COUNTY

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(Review)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
United Way of Tuscola County
Cass City, Michigan

We have reviewed the accompanying financial statements of the United Way of Tuscola County (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants
Caro, Michigan

May 22, 2017

FINANCIAL STATEMENTS

UNITED WAY OF TUSCOLA COUNTY
Statement of Financial Position
(Review)

	December 31,	
	2016	2015
<i>ASSETS:</i>		
Cash and cash equivalents	\$ 24,722	\$ 20,570
Investment at Community Foundation	3,047	-
<i>Total Assets</i>	\$ 27,769	\$ 20,570
 <i>LIABILITIES AND NET ASSETS:</i>		
Net assets:		
Unrestricted	\$ 27,135	\$ 20,050
Temporarily Restricted	634	520
<i>Total Liabilities and Net Assets</i>	\$ 27,769	\$ 20,570

See accompanying notes and independent accountant's review report.

UNITED WAY OF TUSCOLA COUNTY
Statement of Activities
(Review)
Years Ended December 31, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
CHANGES IN NET ASSETS				
PUBLIC SUPPORT:				
Campaign Contributions	<u>\$ 63,034</u>	<u>-</u>	<u>\$ 63,034</u>	<u>\$ 51,187</u>
Total Campaign support	<u>63,034</u>		<u>63,034</u>	<u>51,187</u>
Less: Donor designations	<u>(634)</u>	<u>\$ 634</u>	<u>-</u>	<u>-</u>
Net Assets released from restriction	<u>520</u>	<u>(520)</u>	<u>-</u>	<u>-</u>
Total Public Support	<u>62,920</u>	<u>114</u>	<u>63,034</u>	<u>51,187</u>
REVENUES				
Interest and Dividends	<u>11</u>	<u>-</u>	<u>11</u>	<u>10</u>
Investment Income	<u>47</u>		<u>47</u>	<u>-</u>
Total Revenues	<u>58</u>	<u>-</u>	<u>58</u>	<u>10</u>
TOTAL SUPPORT AND REVENUES	<u>62,978</u>	<u>114</u>	<u>63,092</u>	<u>51,197</u>
ALLOCATIONS, EXPENSES AND LOSSES:				
Allocations:				
Children and Youth	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>7,000</u>
Families and Individuals	<u>19,700</u>	<u>-</u>	<u>19,700</u>	<u>18,760</u>
Community Services	<u>23,920</u>	<u>-</u>	<u>23,920</u>	<u>26,400</u>
Total Allocation	<u>52,620</u>	<u>-</u>	<u>52,620</u>	<u>52,160</u>
Management and General Expenses:				
Accounting and Legal Fees	<u>1,045</u>	<u>-</u>	<u>1,045</u>	<u>1,025</u>
Administrative Costs	<u>407</u>	<u>-</u>	<u>407</u>	<u>216</u>
Consultation Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
Campaign Expenses	<u>321</u>	<u>-</u>	<u>321</u>	<u>317</u>
Membership Dues	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>746</u>
Total Support Services	<u>3,273</u>	<u>-</u>	<u>3,273</u>	<u>2,504</u>
TOTAL ALLOCATION, EXPENSES AND LOSSES	<u>55,893</u>	<u>-</u>	<u>55,893</u>	<u>54,664</u>
INCREASE/DECREASE IN NET ASSETS	<u>7,085</u>	<u>114</u>	<u>7,199</u>	<u>(3,467)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>20,050</u>	<u>520</u>	<u>20,570</u>	<u>24,037</u>
NET ASSETS AT END OF YEAR	<u>\$ 27,135</u>	<u>\$ 634</u>	<u>\$ 27,769</u>	<u>\$ 20,570</u>

See accompanying notes and independent accountant's review report.

UNITED WAY OF TUSCOLA COUNTY
Statement of Cash Flows
(Review)

	For the years ended, December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 7,199	\$ (3,467)
Adjustment to reconcile increase in net assets to net cash provided (used) by operating activities:		
Investment income	(47)	-
Net cash provided (used) by operating activities	7,152	(3,467)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,000)	-
Net cash provided (used) by investing activities	(3,000)	-
Net increase (decrease) in cash and cash equivalents	4,152	(3,467)
Cash and cash equivalents, beginning of year	20,570	24,037
Cash and cash equivalents, end of year	\$ 24,722	\$20,570

See accompanying notes and independent accountant's review report.

UNITED WAY OF TUSCOLA COUNTY

Notes to the Financial Statements

(Review)

Years Ended December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Organization:

The United Way of Tuscola County (Agency) was incorporated in 1998 as a nonprofit agency and is governed by a volunteer board of directors. The mission of the Agency is to meet the human services needs of Tuscola County and the surrounding communities through raising, allocating and monitoring voluntary contributions and increasing the organized capacity of people to care for one another.

Basis of Accounting:

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

Basis of Presentation:

Net assets are classified as follows:

Unrestricted Net Assets – The amount of net assets which are available for general operations and are not subject to any donor-imposed restrictions. Revenues earned from program services provided, unrestricted contributions, investment income available for general operations, and all operating expenses are reported in this category.

Temporarily Restricted Net Assets – The amount of net assets which are limited to uses specified by donor-imposed restrictions. When donor restrictions expire or the nature and purpose of the 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.

Permanently Restricted Net Assets – The amount of net assets which result from donor gifts and bequests that create permanent endowment funds. According to the donor's instructions, income, gains, or losses from permanently restricted net assets should also be classified as such or reclassified to the unrestricted or temporarily restricted categories. As of December 31, 2016, the United Way of Tuscola County had no permanently restricted net assets.

The Tuscola County United Way records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

Net Assets Classifications and Promises to Give:

Contributions are recognized in the period when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other time-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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received.

UNITED WAY OF TUSCOLA COUNTY

Notes to the Financial Statements

(Review)

Years Ended December 31, 2016 and 2015

All contributions are placed in a pooled fund. Earnings generated from the pooled fund are then used to distribute grants.

Donated Services:

The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs and various committee assignments. There were no amounts recorded in the financial statements for donated services.

Comparative Data:

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the organization's financial position and operations.

NOTE 2 — NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES:

Tax Status:

The Agency has received a determination letter from the Internal Revenue Service indicating it has been classified as a publicly supported charitable organization under Internal Revenue Code Section 501(c)(3). As a publicly supported charity, the Agency is exempt from federal income taxes and federal excise taxes under Section 509(a)(1) of the Internal Revenue Code, except on unrelated business income.

Credit Risk:

The Organization is required by FASB No. 105, Disclosure of information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk, to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash.

The Organization places its cash with high-credit-quality financial institutions. As of December 31, 2016 and 2015, all of the Organization's cash balances were FDIC insured.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Uncertain Tax Position:

In the preparation of tax returns, tax positions are taken based on the interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions.

UNITED WAY OF TUSCOLA COUNTY

Notes to the Financial Statements

(Review)

Years Ended December 31, 2016 and 2015

Subsequent Events:

Subsequent events have been evaluated through May 22, 2017, which is the date the financial statements were available to be issued.

NOTE 3 – CASH AND INVESTMENTS:

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash and money market accounts.

For the purposes of presenting cash flows, cash equivalents include short-term investments with maturities of three months or less, except for cash equivalents included in investments.

Cash consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Undesignated		
Cash in Checking	\$ 1,156	\$ 1,860
Money Fund	<u>23,566</u>	<u>18,710</u>
TOTAL	<u>\$24,722</u>	<u>\$20,570</u>

Investments:

The Agency carries investments at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in investment income in the accompanying statements of activities.

NOTE 4 – BENEFICIAL INTERESTS IN ASSETS HELD BY FOUNDATIONS AND TRUSTS:

Beneficial interest in assets held by foundations includes amounts held by the Tuscola County Community Foundation (TCCF) as an endowment established for the benefit of the United Way. The endowment agreement permits the TCCF to substitute another beneficiary in the place of the United Way in the event the United Way ceases to exist, or for other various reasons in accordance with the TCCF's bylaws. In addition, the Board of Trustees of the Tuscola County Community Foundation (Board) shall have 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. Distributions of the spendable income are made to the United Way upon written request. The United Way did not receive any distributions from the TCCF for the year ended December 31, 2016 or 2015. As of December 31, 2016 and 2015, the fair value of endowment held at TCCF was approximately \$8,060 and \$7,186, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets constitute the campaign fund net assets. Campaign fund net assets which contain donor-imposed restrictions as to purpose and time are temporarily restricted until those donor-imposed conditions are satisfied. As of December 31, 2016 and 2015, temporarily restricted net assets were \$634 and \$520, respectively.

UNITED WAY OF TUSCOLA COUNTY

Notes to the Financial Statements

(Review)

Years Ended December 31, 2016 and 2015

NOTE 6 – FAIR VALUE MEASUREMENTS:

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2016 and 2015 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

United Way of Tuscola County measures the investment at the Tuscola County Community Foundation (TCCF) at fair value on a recurring basis. The fair value of the investment was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments based upon the Organization's relative share of assets held and reported by the TCCF, unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2016 and 2015 are as follows:

	<u>Investment at TCCF</u>
Balance at January 1, 2016	\$ 0
Contributions	3,000
Net change in value	47
Balance at December 31, 2016	<u>\$ 3,047</u>

UNITED WAY OF TUSCOLA COUNTY

Notes to the Financial Statements

(Review)

Years Ended December 31, 2016 and 2015

	<u>Investment at TCCF</u>
Balance at January 1, 2015	\$ 0
Contributions	0
Net change in value	0
Balance at December 31, 2015	<u>\$ 0</u>

The net change in value of the investment at TCCF is recognized in the statement of activities.

ADDITIONAL SUPPLEMENTARY INFORMATION

UNITED WAY OF TUSCOLA COUNTY
Detail Schedule of Allocations
(Review)

	For the Years Ended December 31,	
	2016	2015
ALLOCATIONS		
Children and Youth		
Michigan Crossrooms Council	\$ 2,500	\$ 2,000
Great Start Tuscola Imagination	4,000	3,000
Girl Scouts - Heart of Michigan	2,500	2,000
Total Children and Youth	9,000	7,000
Families and Individuals		
HDC Thumb Area Assault Crisis Center	7,500	6,500
HDC Foster Grandparent Program	1,500	1,500
Special Needs Vision Clinic	4,500	4,500
Tuscola County 4-H	-	260
Thumb Compassionate Friends	1,200	1,000
Thumb Homeless Coalition	5,000	5,000
Total Families and Individuals	19,700	18,760
Community Services		
American Association of University Women	400	400
Bullard Sanford Memorial Library	1,000	1,000
Caro Church of Christ	-	2,500
Caro Community Hospital	260	240
Connections Human Services	3,000	2,500
Good Samaritan Fund	5,000	4,000
HDC Spoonfuls of Plenty	1,500	2,000
Great Start Tuscola 2-1-1	3,000	2,000
Lakeshore Legal Aid	3,500	3,500
Rawson Memorial Library	1,000	1,000
Saginaw County Youth Protection	4,260	4,260
Revive Ministries	-	2,000
Thumb Nature Area	1,000	1,000
Total Community Services	23,920	26,400
TOTAL ALLOCATIONS	\$52,620	\$52,160

See independent accountant's review report.

UNITED WAY OF TUSCOLA COUNTY
Detail Schedule of Management and General Expenses of
Unrestricted Funds
(Review)

	For the Years Ended	
	December 31,	
	<u>2016</u>	<u>2015</u>
Accounting fees	\$ 1,025	\$ 1,025
Legal Fees	20	-
Cell Phone	28	32
Consultation fees	-	200
Non-campaign postage	-	109
Office supplies	132	22
Miscellaneous	247	53
Dues	1,500	746
Campaign expenses (unassigned)	321	317
Total	<u>\$ 3,273</u>	<u>\$ 2,504</u>

Expenses were allocated as follows:

Undesignated:		
Foundation Fund	<u>\$ 3,273</u>	<u>\$ 2,504</u>
Total	<u>\$ 3,273</u>	<u>\$ 2,504</u>