

UNITED WAY OF LEBANON COUNTY, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE**

JUNE 30, 2016 AND 2015

UNITED WAY OF LEBANON COUNTY, INC
FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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Vincent M. Garcia, CPA
Matthew P. Garman, CPA
Angela K. Shea, CPA
William D. Oyster, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Lebanon County, Inc.
Lebanon, Pennsylvania

We have audited the accompanying statement of financial position of United Way of Lebanon County, Inc. (a non-profit organization) as of June 30, 2016, and the related statements of activities, cash flows 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.

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 auditing standards generally accepted in 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 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 Lebanon County, Inc., as of June 30, 2016, and the changes in its net assets, cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Lebanon County, Inc.'s 2015 financial statements, and our report dated April 14, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of allocations and payments to participating agencies on pages 18 and 19 is supplemental information presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Garcia Garman & Shea, PC

Lebanon, Pennsylvania
January 23, 2017

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>ASSETS</u>	
	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 161,875	\$ 380,309
Pledges receivable	753,173	724,498
(Less allowance for uncollectible pledges)	(110,000)	(110,000)
Prepaid expenses	1,350	-
	806,398	994,807
 PROPERTY, PLANT AND EQUIPMENT, Net	 11,856	 8,411
 OTHER ASSETS		
Cash and cash equivalents, endowment	81,915	86,385
Deposit, Pennsylvania Unemployment Fund	1,780	1,780
Investments, endowment	1,218,959	1,162,404
Beneficiary interest	2,415,787	2,633,318
	3,718,441	3,883,887
 Total other assets	 3,718,441	 3,883,887
 Total assets	 \$ 4,536,695	 \$ 4,887,105
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,337	\$ 1,574
Accrued wages	8,418	-
Payroll taxes withheld and accrued	5,201	4,320
	17,956	5,894
 NET ASSETS		
Unrestricted		
Board designated	588,501	571,975
Other	780,515	1,092,227
Temporarily restricted	43,874	111,160
Permanently restricted		
Endowment fund	646,626	575,068
Beneficiary interest	2,459,223	2,530,781
	4,518,739	4,881,211
 Total net assets	 4,518,739	 4,881,211
 Total liabilities and net assets	 \$ 4,536,695	 \$ 4,887,105

See accompanying notes to the financial statements.

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total 2015
Changes in unrestricted net assets					
Public support and revenue					
Gross campaign results	\$ 1,679,619	\$ -	\$ -	\$ 1,679,619	\$ 1,737,921
Campaign revenue for next period	-	42,094	-	42,094	91,678
Combined Federal Campaign	-	45,788	-	45,788	100,591
Contributions released from restrictions	155,168	(155,168)	-	-	-
(Less donor designations)	(148,009)	-	-	(148,009)	(187,338)
(Less allowance for uncollectible pledges)	(110,000)	-	-	(110,000)	(110,000)
Net campaign revenue	1,576,778	(67,286)	-	1,509,492	1,632,852
Day of Caring	6,000	-	-	6,000	6,600
Stuff the Bus	2,171	-	-	2,171	1,373
Investment income (loss), net	67,527	-	-	67,527	51,398
Interest income	139	-	-	139	212
Miscellaneous income	160	-	-	160	1,411
Non-cash contributions	32,584	-	-	32,584	28,722
Unrealized gains (losses) on investments	(60,197)	-	-	(60,197)	(68,792)
Increase (decrease) in beneficiary interest	(37,337)	-	-	(37,337)	(20,652)
Total public support and revenue	1,587,825	(67,286)	-	1,520,539	1,633,124

See accompanying notes to the financial statements.

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF ACTIVITIES *(Continued)*
FOR THE YEAR ENDED ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total 2015
Applications and expenses					
Allocations to agencies, current year (Less donor designations)	1,434,165 (148,009)	- -	- -	1,434,165 (148,009)	1,430,095 (187,338)
Net allocations to agencies	1,286,156	-	-	1,286,156	1,242,757
Community Needs Impact Grants	175,000	-	-	175,000	99,881
Other agency expenses	21,260	-	-	21,260	27,335
Total agency distribution	1,482,416	-	-	1,482,416	1,369,973
Functional expenses					
Fundraising	161,624	-	-	161,624	180,814
Management and general	143,249	-	-	143,249	145,241
Program services	76,960	-	-	76,960	57,054
United Way Worldwide dues	18,762	-	-	18,762	17,578
Total allocations and expenses	1,883,011	-	-	1,883,011	1,770,660
Increase (decrease) in net assets	(295,186)	(67,286)	-	(362,472)	(137,536)
Net assets, beginning	1,664,202	111,160	3,105,849	4,881,211	5,018,747
Net assets, ending	\$ 1,369,016	\$ 43,874	\$ 3,105,849	\$ 4,518,739	\$ 4,881,211

See accompanying notes to the financial statements.

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	PROGRAM SERVICES (See Note 1)			SUPPORT SERVICES			Total	Total	Total 2015
	Allocations	Program Services	Total	Organizational Administration	Fundraising	UWA Dues			
Gross funds awarded/distributed	\$ 1,434,165	\$ -	\$ 1,434,165	\$ -	\$ -	\$ -	\$ -	\$ 1,434,165	\$ 1,430,095
Less donor designations	(148,009)	-	(148,009)	-	-	-	-	(148,009)	(187,338)
Total net allocations to agencies	1,286,156	-	1,286,156	-	-	-	-	1,286,156	1,242,757
Community Needs Impact Grants, net	175,000	-	175,000	-	-	-	-	175,000	99,881
Total net allocations and grants paid	1,461,156	-	1,461,156					1,461,156	1,342,638
Salaries	14,699	39,896	54,595	62,994	50,395	-	113,389	167,984	199,011
Employee health and retirement benefits	1,494	4,054	5,548	6,401	5,121	-	11,522	17,070	22,187
Payroll taxes	2,223	6,034	8,257	9,529	7,622	-	17,151	25,408	15,449
Total salaries and related expenses	18,416	49,984	68,400	78,924	63,138	-	142,062	210,462	236,647
Contracted service and professional fees	-	-	-	30,873	3,816	-	34,689	34,689	14,500
Supplies	51	170	221	661	814	-	1,475	1,696	5,717
Telephone	44	111	155	1,106	952	-	2,058	2,213	4,784
Postage	268	537	805	2,092	2,468	-	4,560	5,365	6,533
Occupancy	1,021	2,043	3,064	12,256	5,107	-	17,363	20,427	20,852
Outside printing and art work	253	1,688	1,941	2,700	3,797	-	6,497	8,438	7,754
Transportation	-	1,006	1,006	1,257	2,766	-	4,023	5,029	4,936
Conferences and seminars	840	-	840	1,680	5,879	-	7,559	8,399	1,560
Organization dues and subscriptions	-	-	-	1,460	-	-	1,460	1,460	1,477
Equipment maintenance and rental	229	918	1,147	4,205	2,294	-	6,499	7,646	8,230
Miscellaneous	-	-	-	3,828	957	-	4,785	4,785	6,084
Campaign expenses	-	-	-	-	54,822	-	54,822	54,822	57,740
Advertising (in-kind)	-	-	-	-	13,584	-	13,584	13,584	12,913
Program expense	-	15,004	15,004	-	-	-	-	15,004	7,431
Executive search expenses	22	34	56	76	68	-	144	200	4,000
United Way of PA dues	-	5,000	5,000	-	-	-	-	5,000	5,000
Depreciation	116	465	581	2,131	1,162	-	3,293	3,874	4,286
Total expenses before UWA dues	21,260	76,960	98,220	143,249	161,624	-	304,873	403,093	410,444
United Way Worldwide dues	-	-	-	-	-	18,762	18,762	18,762	17,578
Total expenses	\$ 1,482,416	\$ 76,960	\$ 1,559,376	\$ 143,249	\$ 161,624	\$ 18,762	\$ 323,635	\$ 1,883,011	\$ 1,770,660

See accompanying notes to the financial statements.

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (362,472)	\$ (137,536)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,874	4,286
Increase (decrease) in allowance for uncollectible pledges	-	25,000
Realized (gains) losses on investments	(41,347)	(28,134)
Unrealized (gains) losses on investments	60,197	68,792
(Increase) decrease in		
Pledges receivable	(28,675)	(162,595)
Prepaid expenses	(1,350)	-
Other current assets	-	1,746
Increase (decrease) in		
Accounts payable	2,763	477
Accrued payroll	8,418	-
Payroll taxes	881	(865)
	(357,711)	(228,829)
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,319)	(2,582)
Purchase of investments	(352,634)	(238,192)
Proceeds from sale of investments	277,229	89,932
(Increase) decrease in beneficiary interest	217,531	215,228
	134,807	64,386
Net cash provided by (used in) investing activities		
Increase (decrease) in cash	(222,904)	(164,443)
Cash and cash equivalents, beginning	466,694	631,137
Cash and cash equivalents, ending	\$ 243,790	\$ 466,694
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Campaign and advertising expenses	\$ 28,584	\$ 25,722
Professional fees	4,000	3,000
	\$ 32,584	\$ 28,722
Total noncash activities		

See accompanying notes to the financial statements.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Lebanon County, Inc. is a not-for-profit health and human service organization founded in 1931 and incorporated in 1952. Governed by a volunteer board of directors, the Organization was established to increase the overall quality of life for those in Lebanon County. To accomplish its mission, the Organization conducts fundraising campaigns and leverages partnerships across the business, nonprofit, civic, and government sectors to address community need. The Organization's primary funding sources are donor contributions from individuals and businesses. The Organization administered, through March 31, 2016, the Combined Federal Campaign in Lebanon County which collects monies from federal employees. These donor designated monies are distributed to various agencies across the U.S.A.

Organizational Mission Statement

The mission of the Organization is: Improving our neighbors' lives through effective development and stewardship of community resources.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958-210-45. Under FASB ASC 958-210-45, 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.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid instruments purchased with maturity of three months or less at the time of acquisition, including all no-penalty certificates of deposit, to be cash equivalents.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

The Organization carries its investments at fair value. Gifts of securities are recorded at fair value when received.

Pledges Receivable

Pledges receivable are all due within one year.

Property and Equipment

Property and equipment are stated at cost. The Organization's policy is to capitalize assets with a useful life greater than one year. Depreciation is provided using primarily the straight-line method over five to seven years.

Contributions

Annual campaigns are conducted from September through December to provide support for the allocations to participating agencies in the subsequent fiscal year.

Concentration of Risk

The Organization maintains its cash and investment accounts in commercial financial institutions. The cash balances in each institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or protected by Securities Investor Protection Corporation (SIPC) up to \$500,000. The Organization has accounts at financial institutions that from time to time may exceed the insurance obtained through FDIC or SIPC.

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.

Advertising

The Organization follows the policy of charging the costs of non-direct response advertising to expense as incurred. Advertising expense for the years ended June 30, 2016 and 2015, was \$13,584 and \$12,913, respectively.

Income Taxes

The Organization is exempt from state and federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements. The Financial Accounting Standards Board issued FASB ASC 740-10, (formerly, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Organization believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's open audit periods are 2012 through 2014.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operations/Program Services/Functional Expenses Classifications

The following is a summary of the Organization's program services which it provides to the community and to the general public:

Allocations

Agency Relations/Fund Distribution – Review outcomes, services, and annual budgets of member agencies. Recommend annual allocations to the Board of Directors and act as liaisons with member agencies. Review proposals for new or expanded programs.

Program Services

Communications – Provide messages and visuals to articulate the Organization's mission, vision, values, and community impact work that connects with a variety of target audiences.

Community Planning – Collaborate with public and private partners to assemble information about community conditions and suggestions to heighten understanding and awareness.

Information Referral – Provide information and referrals on social, health, and other human services through, but not limited to, directories and listings, telephone assistance, and agency consultations.

Day of Caring – Participation of over 1,000 volunteers in projects at agencies, parks and organizations throughout Lebanon County.

Support Services

Administrative and General – Deals with the day-to-day administrative operations of the Organization and provides central administrative support to agencies.

Fundraising – Conduct annual campaign in order to raise necessary funds to help support services of community service agencies affiliated with the Organization.

NOTE 2 – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board FASB ASC 820-10 (formerly FASB Statement No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides 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). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 – FAIR VALUE MEASUREMENT *(continued)*

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during 2016.

Mutual funds: Valued at the net asset value (“NAV”) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2016 and 2015:

June 30, 2016	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed Income	\$ 610,497	\$ -	\$ -	\$ 610,497
Large Cap	308,558	-	-	308,558
Small/Mid Cap	16,302	-	-	16,302
International	171,887	-	-	171,887
Alternatives and Liquid Real Estate	111,715	-	-	111,715
	<hr/>			
Total investments at fair value	\$ 1,218,959	\$ -	\$ -	\$ 1,218,959

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 – FAIR VALUE MEASUREMENT *(continued)*

June 30, 2015	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed Income	\$ 553,340	\$ -	\$ -	\$ 553,340
Large Cap	311,180	-	-	311,180
Small/Mid Cap	19,444	-	-	19,444
International	173,209	-	-	173,209
Alternatives and Liquid Real Estate	105,231	-	-	105,231
Total investments at fair value	<u>\$ 1,162,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,404</u>

NOTE 3 – DEPOSIT

Deposit balance as of June 30, 2016 and 2015 is as follows:

	2016	2015
Deposit held by the State of Pennsylvania in lieu of paying unemployment taxes currently	<u>\$ 1,780</u>	<u>\$ 1,780</u>

NOTE 4 – ENDOWMENT INVESTMENTS

Under Financial Accounting Standards Board FASB ASC 958-320-35, 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.

Long-term Endowment investments consist of the following as of June 30, 2016 and 2015, respectively:

June 30, 2016	Cost	Market Value
Mutual funds	<u>\$ 1,230,185</u>	<u>\$ 1,218,959</u>
June 30, 2015	Cost	Market Value
Mutual funds	<u>\$ 1,113,433</u>	<u>\$ 1,162,404</u>

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 – ENDOWMENT INVESTMENTS *(continued)*

Investments return consisted of the following as of June 30, 2016 and 2015:

	2016	2015
Interest income	\$ 179	\$ 233
Dividend income	34,797	31,583
Capital gain distribution	15,627	16,007
Realized gains (losses) on investments	25,720	12,127
Less: Bank fees	(8,796)	(8,552)
	67,527	51,398
Unrealized gain (losses) on investments	(60,197)	(68,792)
 Total investment return	 \$ 7,330	 \$ (17,394)

Investment return is classified as unrestricted in the statement of activities.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization 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, the Organization 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.

Changes in Endowment Net Assets for the year ended June 30, 2016 and 2015 are as follows:

Year Ended June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 563,823	\$ -	\$ 684,966	\$ 1,248,789
Interest and dividends	15,122	-	19,854	34,976
Fees	(3,991)	-	(4,805)	(8,796)
Realized and unrealized gain (loss)	(8,254)	-	(10,596)	(18,850)
Contributions	10,049	-	71,558	81,607
Appropriation of endowment assets for expenditures	(9,918)	-	(26,934)	(36,852)
 Endowment net assets, ending	 \$ 566,831	 \$ -	 \$ 734,043	 \$ 1,300,874

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 – ENDOWMENT INVESTMENTS *(continued)*

Year Ended June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 540,448	\$ -	\$ 638,214	\$ 1,178,662
Interest and dividends	14,587	-	17,229	31,816
Fees	(3,974)	-	(4,578)	(8,552)
Realized and unrealized gain (loss)	(18,293)	-	(22,365)	(40,658)
Contributions	31,055	-	80,384	111,439
Appropriation of endowment assets for expenditures	-	-	(23,918)	(23,918)
Endowment net assets, ending	<u>\$ 563,823</u>	<u>\$ -</u>	<u>\$ 684,966</u>	<u>\$ 1,248,789</u>

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment consisted of the following at June 30, 2016 and 2015:

	Balance 7/1/15	Additions	Deductions	Balance 6/30/2016
Property, plant and equipment				
Office equipment	\$ 57,171	\$ 7,319	\$ -	\$ 64,490
Accumulated depreciation				
Office equipment	48,760	3,874	-	52,634
Property plant and equipment, net	<u>\$ 8,411</u>	<u>\$ 3,445</u>	<u>\$ -</u>	<u>\$ 11,856</u>
	Balance 7/1/14	Additions	Deductions	Balance 6/30/2015
Property, plant and equipment				
Office equipment	\$ 54,589	\$ 2,582	\$ -	\$ 57,171
Accumulated depreciation				
Office equipment	44,474	4,286	-	48,760
Property plant and equipment, net	<u>\$ 10,115</u>	<u>\$ (1,704)</u>	<u>\$ -</u>	<u>\$ 8,411</u>

UNITED WAY OF LEBANON COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

NOTE 6 – NET ASSETS

Board Designated Net Assets

The board designated funds represent money set aside by the board of directors for performance of the Needs Assessment and amounts for future board-determined uses.

Permanently Restricted Net Assets

The Organization received contributions which are permanently restricted, including amounts recorded as beneficiary interest. The earnings on the investment of the contribution may be used for current operations.

Temporarily Restricted Net Assets

At June 30, 2016 and 2015, temporarily restricted net assets are available for the following purposes:

	2016	2015
Time restrictions		
Net campaign pledges received for future periods	\$ 42,094	\$ 91,678
Purpose restrictions		
Deposit held by State of Pennsylvania in lieu of paying unemployment taxes currently	1,780	1,780
Combined Federal Campaign	-	17,702
	<u>\$ 43,874</u>	<u>\$ 111,160</u>
Totals	<u>\$ 43,874</u>	<u>\$ 111,160</u>

NOTE 7 – PROGRAM EXPENSE

Program expense at June 30, 2016 and 2015, consisted of the following:

	2016	2015
Day of Caring	\$ 6,041	\$ 6,589
Stuff the Bus	1,588	842
	<u>\$ 7,629</u>	<u>\$ 7,431</u>
Total program expense	<u>\$ 7,629</u>	<u>\$ 7,431</u>

NOTE 8 – RETIREMENT PLANS

The retirement plans are funded through Mutual of America and cover all full-time eligible employees. The cost of the plans for the years ended June 30, 2016 and 2015 was \$15,084 and \$19,844, respectively.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 9 – BENEFICIARY INTEREST

The Organization has an irrevocable interest in the earnings of various trusts that a beneficiary interest has been recorded as follows:

For the Year Ended June 30, 2016	(A)	(B)	(C)	(D)	(E)	(F)	Total
Assets, at fair market value	\$ 124,582	\$ 281,711	\$ 94,703	\$ 219,337	\$ 1,224,100	\$ 471,354	\$ 2,415,787
Net assets, beginning	\$ 137,071	\$ 293,255	\$ 103,041	\$ 238,616	\$ 1,300,083	\$ 561,252	\$ 2,633,318
Interest and dividends	2,970	6,670	1,779	3,748	32,717	13,437	61,321
(Fees) refund	(921)	(2,986)	(929)	(4,064)	(15,113)	(4,761)	(28,774)
Realized and unrealized gain (loss)	(3,954)	(8,141)	(4,203)	(8,658)	(29,771)	(15,157)	(69,884)
Contributions	-	-	-	-	-	-	-
Distribution	(10,584)	(7,087)	(4,985)	(10,305)	(63,816)	(83,417)	(180,194)
Net assets, ending	\$ 124,582	\$ 281,711	\$ 94,703	\$ 219,337	\$ 1,224,100	\$ 471,354	\$ 2,415,787
Net assets, permanently restricted	\$ 74,356	\$ 212,437	\$ 73,413	\$ 201,160	\$ 1,442,814	\$ 455,043	\$ 2,459,223
For the Year Ended June 30, 2015	(A)	(B)	(C)	(D)	(E)	(F)	Total
Assets, at fair market value	\$ 137,071	\$ 293,255	\$ 103,041	\$ 238,616	\$ 1,300,083	\$ 561,252	\$ 2,633,318
Net assets, beginning	\$ 140,596	\$ 304,942	\$ 107,491	\$ 246,602	\$ 1,386,736	\$ 662,179	\$ 2,848,546
Interest and dividends	3,043	7,148	1,331	2,991	33,900	15,789	64,202
(Fees) refund	(1,008)	(3,220)	(448)	(4,304)	(15,385)	(5,580)	(29,945)
Realized and unrealized gain (loss)	(2,897)	(1,834)	(72)	2,988	(35,935)	(17,159)	(54,909)
Contributions	-	-	-	-	-	-	-
Distribution	(2,663)	(13,781)	(5,261)	(9,661)	(69,233)	(93,977)	(194,576)
Net assets, ending	\$ 137,071	\$ 293,255	\$ 103,041	\$ 238,616	\$ 1,300,083	\$ 561,252	\$ 2,633,318
Net assets, permanently restricted	\$ 74,356	\$ 212,437	\$ 73,413	\$ 201,160	\$ 1,442,814	\$ 526,601	\$ 2,530,781

(A) - Laura Williams Trust Fund, received 100% of total earnings of trust assets

(B) - Kopp Trust, received 9.0% of total earnings of trust assets

(C) - Rohrer Trust, received 25% of total earnings of trust assets

(D) - Russell R. Stine Trust, received 100% of total earnings of trust assets

(E) - Uhlig Trust, received 100% of total earnings of trust assets

(F) - Deck Trust, represents 20% of total trust assets which will be distributed over ten years starting fiscal year ending June 30, 2013

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 10 – LINE OF CREDIT

The Organization maintains an unsecured \$100,000 line of credit with Fulton Bank of which \$-0- was outstanding at June 30, 2016. Interest is payable at the bank’s prime rate, interest was 3.50 percent at June 30, 2016.

NOTE 11 – LEASES

The Organization leases its offices under a month to month lease for \$1,461 per month. The occupancy expense for the years ended June 30, 2016 and 2015 was \$17,532 and \$17,534 respectively.

NOTE 12 – DONATED SERVICES – SERVICES AND INCENTIVES

The estimated fair market value of donated services included in the financial statements for the year ended June 30, 2016 and 2015 is as follows:

	2016	2015
Support		
Non-cash contributions	\$ 32,584	\$ 28,722
	\$ 32,584	\$ 28,722
Expenses		
Campaign and advertising expenses	\$ 28,584	\$ 25,722
Professional fees	4,000	3,000
	\$ 32,584	\$ 28,722

NOTE 13 – SUMMARIZED COMPARATIVE 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2015, from which the summarized information was derived.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 23, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULE

UNITED WAY OF LEBANON COUNTY, INC.
 DETAILED SCHEDULE OF ALLOCATIONS AND PAYMENTS TO
 PARTICIPATING AGENCIES
 FOR THE YEAR ENDED JUNE 30, 2016

	Allocation	Allocation Paid To Date	Balance To Be Paid	Remaining Forfeited	CNI Grant Paid To Date
American Red Cross	\$ 80,955	\$ 80,955	\$ -	\$ -	\$ -
Big Brothers/Big Sisters	21,717	21,717	-	-	-
Boy Scouts - PA Dutch	35,897	35,897	-	-	-
Compeer	36,272	36,272	-	-	18,000
Development and Disability					
Services of Lebanon Valley	48,700	48,700	-	-	-
Domestic Violence Intervention	61,074	61,074	-	-	3,574
Girl Scouts in the Heart of Pennsylvania	47,005	47,005	-	-	-
Halcyon Activity Center	46,506	46,506	-	-	-
Lebanon County Christian Ministries	63,137	63,137	-	-	20,000
Lancaster-Lebanon Literacy Council	27,022	27,022	-	-	15,000
Lebanon County Library System	45,809	45,809	-	-	9,000
Lebanon Ridge Medical Center	14,900	14,900	-	-	-
Lebanon Ridge Oral Health	40,000	40,000	-	-	-
LutherCare Child Care Program	42,771	42,771	-	-	7,800
Mental Health Association	43,539	43,539	-	-	-
Midpenn Legal Services	27,200	27,200	-	-	-
Phoenix Youth Center	19,219	19,219	-	-	13,744
P.R.O.B.E.	48,000	48,000	-	-	3,000
QUEST, Inc.	44,639	44,639	-	-	-
Salvation Army - Lebanon Corps	104,977	104,977	-	-	16,000
Sexual Assault Resource and Counseling	61,696	61,696	-	-	20,000
Y.M.C.A.	159,913	159,913	-	-	17,156
Total	\$1,120,948	\$1,120,948	\$ -	\$ -	143,274
Nonparticipant Community Needs Impact (CNI) grants					<u>31,726</u>
Total					<u><u>\$ 175,000</u></u>

UNITED WAY OF LEBANON COUNTY, INC.
 DETAILED SCHEDULE OF ALLOCATIONS AND PAYMENTS TO
 PARTICIPATING AGENCIES *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

	Allocation Paid To Date By United Way	Paid By Hershey Company	Total Paid
American Red Cross	\$ 80,955	\$ 9,210	\$ 90,165
Big Brothers/Big Sisters	21,717	17,116	38,833
Boy Scouts - PA Dutch	35,897	15,377	51,274
Compeer	36,272	876	37,148
Development and Disability Services of Lebanon Valley	48,700	6,862	55,562
Domestic Violence Intervention	61,074	12,232	73,306
Girl Scouts in the Heart of Pennsylvania	47,005	10,784	57,789
Halcyon Activity Center	46,506	517	47,023
Lebanon County Christian Ministries	63,137	14,615	77,752
Lancaster-Lebanon Literacy Council	27,022	7,386	34,408
Lebanon County Library System	45,809	13,071	58,880
Lebanon Ridge Medical Center	14,900	528	15,428
Lebanon Ridge Oral Health	40,000	-	40,000
LutherCare Child Care Program	42,771	3,635	46,406
Mental Health Association	43,539	7,939	51,478
Midpenn Legal Services	27,200	735	27,935
Phoenix Youth Center	19,219	15,402	34,621
P.R.O.B.E.	48,000	-	48,000
QUEST, Inc.	44,639	6,970	51,609
Salvation Army - Lebanon Corps	104,977	6,879	111,856
Sexual Assault Resource and Counseling	61,696	9,846	71,542
Y.M.C.A.	159,913	5,228	165,141
 Total	 \$ 1,120,948	 \$ 165,208	 \$ 1,286,156