



United Way of Greater Richmond & Petersburg

Financial Statements

June 30, 2015 and 2014

UNITED WAY OF GREATER RICHMOND & PETERSBURG

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Greater Richmond & Petersburg (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows and functional expenses 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 preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the United Way of Greater Richmond & Petersburg, as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of net assets and summary of community initiatives are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the 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 audits 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



November 9, 2015
Glen Allen, Virginia

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position
June 30, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 3,283,509	\$ 2,605,441
Certificates of deposit	1,000,000	500,000
Pledges receivable:		
Campaign 14/15 - net of allowance of \$484,235	3,445,130	6,112
Campaign 13/14 - net of allowance of \$594,799	-	3,613,185
Campaign 15/16	36,661	-
Other receivables	270,504	259,937
Other assets	<u>35,621</u>	<u>40,163</u>
Total current assets	8,071,425	7,024,838
Investments (Note 2)	5,235,633	5,726,624
Leasehold improvements and equipment at cost less accumulated depreciation (Note 3)	<u>105,611</u>	<u>105,848</u>
Total assets	<u>\$ 13,412,669</u>	<u>\$ 12,857,310</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position, Continued
June 30, 2015 and 2014

<u>Liabilities and Net Assets</u>	<u>2015</u>	<u>2014</u>
Current liabilities:		
Allocations payable	\$ 2,050,000	\$ 2,298,342
Designations payable	1,277,571	1,270,468
Accrued expenses	257,810	219,441
Accounts payable	177,054	172,831
Funds held for Energy Share (Note 4)	826,928	191,787
Funds held for others (Note 4)	<u>696,822</u>	<u>82,502</u>
Total current liabilities	<u>5,286,185</u>	<u>4,235,371</u>
Net Assets:		
Unrestricted (Note 5):		
Board designated:		
Reserves	5,117,376	5,558,699
Pension plan obligation	656,020	711,625
United Way operations	1,828,107	1,798,240
Land, building and equipment	<u>105,611</u>	<u>105,848</u>
Total board designated	<u>7,707,114</u>	<u>8,174,412</u>
Total unrestricted	<u>7,707,114</u>	<u>8,174,412</u>
Temporarily restricted (Note 6):		
Annual campaign designated for future periods	35,292	28,818
Other temporarily restricted	<u>384,078</u>	<u>418,709</u>
Total temporarily restricted	<u>419,370</u>	<u>447,527</u>
Total net assets	<u>8,126,484</u>	<u>8,621,939</u>
Total liabilities and net assets	<u>\$ 13,412,669</u>	<u>\$ 12,857,310</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities Year Ended June 30, 2015, with Comparative Totals for 2014

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Revenues, gains and other support:				
Gross campaign pledges 2014/2015	\$ -	\$ 12,238,901	\$ 12,238,901	\$ 13,234,485
Less donor designations	-	(4,983,090)	(4,983,090)	(5,447,312)
Less provision for uncollectible pledges	-	(500,000)	(500,000)	(608,000)
Subtotal campaign revenue 2014/2015	<u>-</u>	<u>6,755,811</u>	<u>6,755,811</u>	<u>7,179,173</u>
Gross campaign pledges prior year's:				
Contributions received	-	197,048	197,048	220,711
Less donor designations	-	(2,279)	(2,279)	-
Subtotal prior year's campaign revenue	<u>-</u>	<u>194,769</u>	<u>194,769</u>	<u>220,711</u>
Contributions received released from restrictions	11,780,526	(11,780,526)	-	-
Donor designations	(5,025,066)	5,025,066	-	-
Net current period campaign	<u>6,755,460</u>	<u>(6,755,460)</u>	<u>-</u>	<u>-</u>
Gross campaign pledges future year	-	72,285	72,285	28,902
Less donor designations	-	(39,697)	(39,697)	(100)
Total campaign revenue	6,755,460	227,708	6,983,168	7,428,686
Contributions	-	239,650	239,650	318,519
Memorials and bequests	45,898	-	45,898	38,367
Net public support	<u>6,801,358</u>	<u>467,358</u>	<u>7,268,716</u>	<u>7,785,572</u>
Grants from governmental agencies	<u>-</u>	<u>694,147</u>	<u>694,147</u>	<u>728,970</u>
Other revenue:				
Third party processing fees	154,617	-	154,617	138,243
Investment income, net	105,347	-	105,347	109,232
Unrealized (loss) gains	(68,644)	-	(68,644)	704,318
Realized gains	122,363	-	122,363	-
Endowment income	196,443	-	196,443	189,355
Designations from other United Ways	48,357	-	48,357	41,521
Fees from donor designations	423,568	-	423,568	476,419
Net other revenue	<u>982,051</u>	<u>-</u>	<u>982,051</u>	<u>1,659,088</u>
Grants released from restrictions (Note 8)	<u>1,189,662</u>	<u>(1,189,662)</u>	<u>-</u>	<u>-</u>
Net public support and other revenue	<u>8,973,071</u>	<u>(28,157)</u>	<u>8,944,914</u>	<u>10,173,630</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities, Continued
Year Ended June 30, 2015, with Comparative Totals for 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Allocations and expenses:				
Program services:				
Gross allocations	\$ 9,369,409	\$ -	\$ 9,369,409	\$ 10,208,860
Less donor designations	<u>(5,025,066)</u>	<u>-</u>	<u>(5,025,066)</u>	<u>(5,411,887)</u>
Net allocations	4,344,343	-	4,344,343	4,796,973
Community planning and allocations	964,649	-	964,649	1,022,766
Community initiatives	<u>1,393,014</u>	<u>-</u>	<u>1,393,014</u>	<u>1,698,554</u>
Total program services	<u>6,702,006</u>	<u>-</u>	<u>6,702,006</u>	<u>7,518,293</u>
Supporting services:				
Fundraising	1,413,175	-	1,413,175	1,174,251
Management and general	<u>1,325,188</u>	<u>-</u>	<u>1,325,188</u>	<u>1,277,683</u>
Total supporting services	<u>2,738,363</u>	<u>-</u>	<u>2,738,363</u>	<u>2,451,934</u>
Total expenses	<u>9,440,369</u>	<u>-</u>	<u>9,440,369</u>	<u>9,970,227</u>
Change in net assets	(467,298)	(28,157)	(495,455)	203,403
Net assets, beginning of year	<u>8,174,412</u>	<u>447,527</u>	<u>8,621,939</u>	<u>8,418,536</u>
Net assets, end of year	<u>\$ 7,707,114</u>	<u>\$ 419,370</u>	<u>\$ 8,126,484</u>	<u>\$ 8,621,939</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities
Year Ended June 30, 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Gross campaign pledges 2013/2014	\$ -	\$ 13,234,485	\$ 13,234,485
Less donor designations	-	(5,447,312)	(5,447,312)
Less provision for uncollectible pledges	-	(608,000)	(608,000)
Subtotal campaign revenue 2013/2014	<u>-</u>	<u>7,179,173</u>	<u>7,179,173</u>
Gross campaign pledges prior year's:			
Contributions received	-	220,711	220,711
Less donor designations	-	-	-
Subtotal prior year's campaign revenue	<u>-</u>	<u>220,711</u>	<u>220,711</u>
Contributions received released from restrictions	12,908,120	(12,908,120)	-
Donor designations	<u>(5,411,887)</u>	<u>5,411,887</u>	<u>-</u>
Net current period campaign	<u>7,496,233</u>	<u>(7,496,233)</u>	<u>-</u>
Gross campaign pledges future year	-	28,902	28,902
Less donor designations	-	(100)	(100)
Total campaign revenue	7,496,233	(67,547)	7,428,686
Contributions	-	318,519	318,519
Memorials and bequests	38,367	-	38,367
Net public support	<u>7,534,600</u>	<u>250,972</u>	<u>7,785,572</u>
Grants from governmental agencies	<u>-</u>	<u>728,970</u>	<u>728,970</u>
Other revenue:			
Third party processing fees	138,243	-	138,243
Investment income, net	109,232	-	109,232
Unrealized gains	704,318	-	704,318
Endowment income	189,355	-	189,355
Designations from other United Ways	41,521	-	41,521
Fees from donor designations	476,419	-	476,419
Net other revenue	1,659,088	-	1,659,088
Grants released from restrictions (Note 8)	<u>1,405,625</u>	<u>(1,405,625)</u>	<u>-</u>
Net public support and other revenue	<u>10,599,313</u>	<u>(425,683)</u>	<u>10,173,630</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities, Continued
Year Ended June 30, 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Allocations and expenses:			
Program services:			
Gross allocations	\$ 10,208,860	\$ -	\$ 10,208,860
Less donor designations	<u>(5,411,887)</u>	<u>-</u>	<u>(5,411,887)</u>
Net allocations	4,796,973	-	4,796,973
Community planning and allocations	1,022,766	-	1,022,766
Community initiatives	<u>1,698,554</u>	<u>-</u>	<u>1,698,554</u>
Total program services	<u>7,518,293</u>	<u>-</u>	<u>7,518,293</u>
Supporting services:			
Fundraising	1,174,251	-	1,174,251
Management and general	<u>1,277,683</u>	<u>-</u>	<u>1,277,683</u>
Total supporting services	<u>2,451,934</u>	<u>-</u>	<u>2,451,934</u>
Total expenses	<u>9,970,227</u>	<u>-</u>	<u>9,970,227</u>
Change in net assets	629,086	(425,683)	203,403
Net assets, beginning of year	<u>7,545,326</u>	<u>873,210</u>	<u>8,418,536</u>
Net assets, end of year	<u>\$ 8,174,412</u>	<u>\$ 447,527</u>	<u>\$ 8,621,939</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (495,455)	\$ 203,403
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized and realized net investment gain	(53,719)	(842,953)
Depreciation	56,902	56,741
Changes in operating assets and liabilities:		
Pledges receivable	137,506	679,769
Other receivables	(10,567)	(33,482)
Other assets	4,542	2,104
Allocations payable	(248,342)	(53,024)
Designations payable	7,103	(169,846)
Accrued expenses	38,369	(22,934)
Accounts payable	4,223	86,022
Energy Share	635,141	38,559
Funds held for others	<u>614,320</u>	<u>(142,434)</u>
Net cash provided by (used by) operating activities	<u>690,023</u>	<u>(198,075)</u>
Cash flows from investing activities:		
Sale proceeds of investments, net	544,710	-
Purchase of certificates of deposit	(500,000)	(500,000)
Purchase of equipment	<u>(56,665)</u>	<u>(518)</u>
Net cash used by investing activities	<u>(11,955)</u>	<u>(500,518)</u>
Net change in cash and cash equivalents	678,068	(698,593)
Cash and cash equivalents, beginning of year	<u>2,605,441</u>	<u>3,304,034</u>
Cash and cash equivalents, ending of year	<u>\$ 3,283,509</u>	<u>\$ 2,605,441</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Functional Expenses
Year Ended June 30, 2015, with Comparative Totals for 2014

	Program Services			Support Services			2015 Total	2014 Total
	Community Planning and Allocations	Community Initiatives (see Schedule 1)	Total	Fund Raising	Management and General	Total		
Gross allocations	\$ 9,369,409	\$ -	\$ 9,369,409	\$ -	\$ -	\$ -	\$ 9,369,409	\$ 10,208,860
Less donor designations	(5,025,066)	-	(5,025,066)	-	-	-	(5,025,066)	(5,411,887)
Subtotal	4,344,343	-	4,344,343	-	-	-	4,344,343	4,796,973
Salaries	538,100	330,779	868,879	803,469	636,272	1,439,741	2,308,620	2,292,882
Health and retirement benefits	143,229	49,446	192,675	154,257	138,124	292,381	485,056	491,796
Payroll taxes	43,824	25,742	69,566	63,596	62,628	126,224	195,790	206,832
Contract labor	-	1,635	1,635	8,730	86,215	94,945	96,580	33,926
Moving and recruitment	-	-	-	-	39,065	39,065	39,065	135
Specific program expenses	-	737,560	737,560	-	-	-	737,560	862,995
Pension plan contributions	-	55,605	55,605	-	-	-	55,605	51,346
Professional fees	2,749	40,577	43,326	4,511	102,061	106,572	149,898	150,686
Supplies	3,859	11,672	15,531	9,885	11,138	21,023	36,554	36,920
Telephone	10,264	2,524	12,788	14,490	7,140	21,630	34,418	31,520
Postage and shipping	6,911	1,662	8,573	10,892	7,330	18,222	26,795	22,723
Occupancy	108,248	22,217	130,465	124,149	106,882	231,031	361,496	406,306
Equipment maintenance	45,613	4,294	49,907	53,705	36,916	90,621	140,528	128,273
Printing and publications	15,139	29,343	44,482	79,922	267	80,189	124,671	165,614
Travel and related expenses	9,408	27,628	37,036	20,908	14,524	35,432	72,468	69,643
Conferences, conventions, and meetings	4,867	21,087	25,954	816	11,651	12,467	38,421	27,876
Depreciation expense	9,484	9,484	18,968	18,967	18,967	37,934	56,902	56,741
Miscellaneous	1,225	30	1,255	1,420	2,549	3,969	5,224	5,040
Subtotal	942,920	1,371,285	2,314,205	1,369,717	1,281,729	2,651,446	4,965,651	5,041,254
Total before UWA dues	5,287,263	1,371,285	6,658,548	1,369,717	1,281,729	2,651,446	9,309,994	9,838,227
United Way Worldwide dues	21,729	21,729	43,458	43,458	43,459	86,917	130,375	132,000
Total functional expenses	\$ 5,308,992	\$ 1,393,014	\$ 6,702,006	\$ 1,413,175	\$ 1,325,188	\$ 2,738,363	\$ 9,440,369	\$ 9,970,227

Note: Specific program expenses mainly include external program related costs including contracting for VSQI, payments to energy vendors and other specific program activities.

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services			Support Services			
	Community Planning and Allocations	Community Initiatives (see Schedule 1)	Total	Fund Raising	Management and General	Total	Total
Gross allocations	\$ 10,208,860	\$ -	\$ 10,208,860	\$ -	\$ -	\$ -	\$ 10,208,860
Less donor designations	(5,411,887)	-	(5,411,887)	-	-	-	(5,411,887)
Subtotal	4,796,973	-	4,796,973	-	-	-	4,796,973
Salaries	583,899	451,601	1,035,500	612,198	645,184	1,257,382	2,292,882
Health and retirement benefits	158,296	59,691	217,987	117,768	156,041	273,809	491,796
Payroll taxes	51,002	36,061	87,063	51,852	67,917	119,769	206,832
Contract labor	741	1,186	1,927	19,065	12,934	31,999	33,926
Moving and recruitment	-	-	-	-	135	135	135
Specific program expenses	-	862,995	862,995	-	-	-	862,995
Pension plan contributions	-	51,346	51,346	-	-	-	51,346
Professional fees	1,173	25,785	26,958	998	122,730	123,728	150,686
Supplies	2,082	11,072	13,154	6,688	17,078	23,766	36,920
Telephone	8,804	4,492	13,296	11,873	6,351	18,224	31,520
Postage and shipping	6,424	3,117	9,541	6,134	7,048	13,182	22,723
Occupancy	114,663	70,926	185,589	109,657	111,060	220,717	406,306
Equipment maintenance	37,585	22,289	59,874	37,974	30,425	68,399	128,273
Printing and publications	4,092	47,123	51,215	114,199	200	114,399	165,614
Travel and related expenses	14,350	11,238	25,588	20,404	23,651	44,055	69,643
Conferences, conventions, and meetings	7,108	7,182	14,290	1,957	11,629	13,586	27,876
Depreciation expense	9,457	9,457	18,914	18,914	18,913	37,827	56,741
Miscellaneous	1,090	993	2,083	570	2,387	2,957	5,040
Subtotal	1,000,766	1,676,554	2,677,320	1,130,251	1,233,683	2,363,934	5,041,254
Total before UWA dues	5,797,739	1,676,554	7,474,293	1,130,251	1,233,683	2,363,934	9,838,227
United Way Worldwide dues	22,000	22,000	44,000	44,000	44,000	88,000	132,000
Total functional expenses	<u>\$ 5,819,739</u>	<u>\$ 1,698,554</u>	<u>\$ 7,518,293</u>	<u>\$ 1,174,251</u>	<u>\$ 1,277,683</u>	<u>\$ 2,451,934</u>	<u>\$ 9,970,227</u>

Note: Specific program expenses mainly include external program related costs including contracting for VSQI, payments to energy vendors and other specific program activities.

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies:

Nature of Organization: United Way of Greater Richmond & Petersburg (the "Organization") helps build capacity in critical programs and services to prepare children, help families and individuals achieve financial stability, and support the health and wellness of older adults. Working together with organizations and individuals throughout greater Richmond and Petersburg, the Organization is changing and improving lives not only in the moment of need, but for the long-term. The majority of the revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are allocated by local volunteers, who serve on the allocation panels of the Organization's Planning and Allocations Division, and the allocations are approved by the Board of Directors.

Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restriction. For temporarily donor-imposed restrictions, when the 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. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated within unrestricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that require the principal be invested and the income be used as stipulated by the donor or for general operations of the Organization.

Contributions of long-lived assets and cash to acquire long-lived assets that are received without stipulations about how long the long-lived assets must be used are reported as unrestricted when the assets are placed in service and no time restrictions are implied.

Pledges and Allocations: Pledges to the Organization, net of estimated uncollectible amounts, are recognized as revenue or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of benefits received. Allocations to agencies approved prior to the allocation year are deducted from annual campaign support designated for future periods and are reported as liabilities until paid. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Pledges are recorded in the statement of financial position when received, and allowances are provided for amounts estimated to be uncollectible. All uncollected pledges are charged off at the end of the second year following the year in which they were pledged. The amounts estimated to be uncollectible are determined by historical trends and current economic and environmental factors and approved by the Board of Directors. Pledges that are raised by the Organization but paid directly to the designated agency by the company or a third party, totaled \$1,780,777 and \$2,039,076 for the years ended June 30, 2015 and 2014, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Pledges and Designations for Public Service Campaigns: Gross campaign pledges include the following locally managed public sector campaigns: Combined Federal Campaign (“CFC”), and Local Government and Schools (“LGS”). The Organization, as a federation, is distributing funds received from the CFC and LGS for its member agencies, in accordance with donor designations.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

Certificates of Deposit: The Organization invests its excess cash in certificates of deposit which are stated at cost plus accrued interest. At June 30, 2015, the Organization held three certificates of deposit, which mature in July 2016.

Investments: Investments are comprised of a mutual fund and are reported in the statement of financial position at their fair values based on quoted market prices (see Note 2). Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

Leasehold Improvements and Equipment: Leasehold improvements and equipment are recorded at cost for purchased assets and at fair market value at the date of receipt for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense, while expenses for major improvements are capitalized. The cost and accumulated depreciation are removed from the accounts for property sold or retired and any resulting gain or loss is included in income.

Donated Services: No amounts have been reflected in the financial statements for donated services because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization’s program services and fund raising campaigns.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Tax Status: United Way of Greater Richmond & Petersburg is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a charitable organization, which qualifies contributions, bequests and legacies as deductions by the donor for income, estate and gift tax purposes.

Income Tax Uncertainties: The Organization has adopted the Financial Accounting Standards Board (FASB) guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements.

In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization accrues interest and penalties related to unrecognized tax benefits as other noncurrent liabilities and recognizes the related changes in the Organization's assessments as a component of income tax expense. The Organization has completed its assessment and determined that there were no tax positions, which would require recognition under the guidance. The Organization's income tax returns for years since 2012 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables.

Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation insured limits on each account of \$250,000. The ability to collect pledges resulting from fund raising efforts is affected by general economic conditions in the Richmond-Petersburg, Virginia metropolitan area.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

2. Fair Value Measurements:

The Organization follows FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under Generally Accepted Accounting Principles (“GAAP”) and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimizes the use of unobservable inputs. This guidance also established a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date. The Organization’s Level 1 assets include cash and cash equivalents, and mutual fund shares. Mutual fund shares held had a value of \$5,235,633 as of June 30, 2015 and a value of \$5,726,624 as of June 30, 2014. The mutual fund is a large value fund with 60-70% invested in equity securities and 30-40% invested in fixed income instruments.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

The Organization’s Level 2 assets include certificates of deposit. Certificates of deposit held had a value of \$1,000,000 as of June 30, 2015 and \$500,000 as of June 30, 2014.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions. The Organization does not hold Level 3 assets or liabilities at fair value on the balance sheet.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

3. Leasehold Improvements and Equipment:

Leasehold improvements and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 167,827	\$ 167,827
Furniture, equipment and software	<u>1,295,129</u>	<u>1,238,464</u>
	1,462,956	1,406,291
Less accumulated depreciation	<u>1,357,345</u>	<u>1,300,443</u>
Total	<u>\$ 105,611</u>	<u>\$ 105,848</u>

Depreciation expense amounted to \$56,902 and \$56,741 for the years ended June 30, 2015 and 2014, respectively.

4. Funds Held for Energy Share and Others:

Energy Share:

United Way of Greater Richmond & Petersburg acts as the fiscal agent for the Energy Share campaign sponsored by Dominion Virginia Power. Energy Share is a fuel assistance program that pays for the heating and cooling services of those individuals who cannot financially secure these services on their own. The Organization collects and distributes these contributions. United Way of Greater Richmond & Petersburg is also the distributing agency for the Energy Share program for several counties in central Virginia and North Carolina.

Others:

The Organization is also an independent processor for third-party campaigns. Amounts collected, but not remitted at year end are reflected in funds held for others.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

4. Funds Held for Energy Share and Others, Continued:

Transactions consisted of the following for the years ended June 30, 2015 and 2014:

	2015	
	Energy Share	Others
Balance, beginning	\$ 191,787	\$ 82,502
Amounts received	2,769,499	2,477,883
Amounts disbursed	(2,134,358)	(1,863,563)
Balance, ending	\$ 826,928	\$ 696,822
	2014	
	Energy Share	Others
Balance, beginning	\$ 153,228	\$ 224,936
Amounts received	2,241,836	2,990,597
Amounts disbursed	(2,203,277)	(3,133,031)
Balance, ending	\$ 191,787	\$ 82,502

5. Unrestricted Net Assets:

Unrestricted net assets as of June 30 consisted of the following:

	2015	2014
Designated by the Board of Directors:		
Capital Replacement Reserve Fund	\$ 74,527	\$ 97,144
Community Impact Reserve	54,469	101,185
Community Reserve Fund	4,952,002	5,323,992
Pension Plan obligation	656,020	711,625
Southside Reserve Fund	36,378	36,378
United Way operations	1,828,107	1,798,240
Land, building and equipment net assets	105,611	105,848
Total unrestricted	\$ 7,707,114	\$ 8,174,412

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

6. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30 are available for the following purposes or periods:

	2015	2014
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 93,682	\$ 217,156
Youth Program Quality Initiative	51,608	28,512
Other	-	2,059
Infant and Toddler	-	296
Income/Financial Stability:		
211 - Information and Referral	-	1,726
Energy Share (portion managed by United Way)	-	39,940
Metrocare	11,329	3,162
THRIVE Collaborative	145,704	37,500
Metrocash	33,345	52,312
Health	34,448	21,046
Other*	13,962	15,000
	384,078	418,709
Annual campaign desig. for future periods	35,292	28,818
	\$ 419,370	\$ 447,527

* Other includes community initiatives supported by the Strategic Engagement group.

7. Permanently Restricted Net Assets:

There were no permanently restricted net assets at June 30, 2015 and 2014. Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable to support purposes as stipulated by the donor.

The Organization's policy is to transfer all endowment funds to The United Way of Greater Richmond & Petersburg Endowment Fund, assets of which are held by the Community Foundation unless otherwise directed by the Board (see Note 12).

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

8. Net Assets Released from Restrictions:

Net assets released for expenses satisfying the restricted purposes of grants were as follows:

	<u>2015</u>	<u>2014</u>
Expenses satisfying restricted purposes:		
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 694,430	\$ 700,666
Youth Program Quality Initiative	74,554	28,719
Other	2,059	-
Infant and Toddler	56,733	55,268
Income/Financial Stability:		
211 - Information and Referral	58,384	160,367
Energy Share	64,823	297,487
Metrocare	57,000	59,292
THRIVE Collaborative	9,196	102,666
Metrocash	105,067	650
Health	66,378	510
Other*	1,038	-
	<u>\$ 1,189,662</u>	<u>\$ 1,405,625</u>

* Other includes community initiatives supported by the Strategic Engagement group.

9. Retirement Plans:

Defined Benefit Plan:

United Way of Greater Richmond & Petersburg administers and sponsors a multiple employer noncontributory defined benefit plan (as defined by ERISA and IRS code), the Defined Benefit Pension Plan of United Way of Greater Richmond & Petersburg and Affiliated Agencies (the "Plan"), which covered substantially all employees of the Organization until the Plan was frozen. Each year, the Organization sets the rate of contribution for covered salaries for all affiliated agencies.

The Plan funds the employee benefits of the Organization and affiliated agencies as if the employees worked for one entity. As such the actuarial calculations are not determined for the individual organizations participating in this Plan. GAAP considers the current year contribution for this type of plan to be the pension costs, and no Plan asset or obligation for benefits is recorded in the Organization's financial statements. The Organization's contributions to the Plan amounted to \$266,253 in fiscal year 2015 and \$249,559 in fiscal year 2014.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans, Continued:

Defined Benefit Plan, Continued:

As of January 1, 2015 and 2014, the most recent measurement dates for the Plan, the fair value of Plan assets amounted to \$30,057,607 and \$28,494,414, respectively, and the present value of accumulated Plan benefits amounted to \$29,543,790 and \$26,552,409, respectively. As of June 30, 2015 and 2014, the fair value of Plan assets amounted to approximately \$30,310,604 and \$29,958,009, respectively. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization and affiliated agencies are likely to be required to make future contributions to the Plan. At June 30, 2015 and 2014, the Organization had \$656,020 and \$711,625, respectively, of net assets designated for future obligations related to the Plan.

On September 26, 2008, the Board of Directors of United Way of Greater Richmond & Petersburg approved a resolution to freeze the Plan, effective December 31, 2008. The Organization set funding requirements from the Organization and affiliated agencies amounting to \$1,252,350 for the year ended June 30, 2015 and \$1,138,500 for the year ended June 30, 2014, which is allocated according to the respective benefit liability of each agency. This amount is subject to revision based on changes in legislation and other related factors. Since the Organization is the Plan Sponsor, should the participating entities not fulfill their funding responsibilities, the Organization could be exposed to additional risk.

Defined Contribution Plan:

In addition, the Organization sponsors a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may make matching contributions. The Organization's contributions to the plan amounted to \$21,152 for the year ended June 30, 2015 and \$24,090 for the year ended June 30, 2014.

10. Line of Credit:

The Organization has available an unsecured line of credit of \$2,000,000. The line of credit has an interest rate of one-month LIBOR plus 1.75% per annum but no less than 2.5% per annum for 2015 and 2014, respectively (2.5% as of June 30, 2015, and 2014), is due on demand and renews annually on January 26, 2016. There have not been any borrowings against this line.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

11. Lease Commitments:

The Organization leases office space through October 2020 and equipment under non-cancelable operating leases. As of June 30, 2015 future combined equipment and office lease payments are as follows:

2016	\$	347,795
2017		346,805
2018		348,850
2019		357,572
2020		366,511
2021		<u>124,447</u>
	<u>\$</u>	<u>1,891,980</u>

The Organization entered into an operating lease agreement for office space. Rent expense for the years ended June 30, 2015 and 2014 was \$356,740 and \$407,994, respectively.

12. Related Party Transactions:

Fund:

The United Way of Greater Richmond & Petersburg Endowment was organized to support the charitable and educational activities consistent with the mission of United Way of Greater Richmond & Petersburg. The endowment assets are held by the Community Foundation and are not reflected in the financial statements of the Organization.

Summary financial information as of June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Fund balance	\$ 6,102,192	\$ 5,682,105

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

13. Overhead:

United Way of Greater Richmond & Petersburg provides an overhead measure for analytical review and comparison with other United Ways as established by United Way Worldwide membership standards. The percentage is based on gross revenues less allowance for uncollectible pledges. Overhead expenses include fundraising, management, and general expenses including depreciation, and United Way Worldwide membership dues. The percentages for 2015 and 2014 are as follows:

	2015	2014
Net public support and revenue	\$ 8,944,914	\$ 10,173,630
Unrealized losses (gains), net	68,644	(704,318)
Recovery of shrinkage for prior years	(170,428)	(103,541)
Donor designations	5,025,066	5,411,887
Provision for uncollectible pledges	500,000	608,000
Gross revenues	14,368,196	15,385,658
Less provision for uncollectible pledges	(500,000)	(608,000)
Net revenues	\$ 13,868,196	\$ 14,777,658
Fundraising	\$ 1,413,175	\$ 1,174,251
Management and general	1,325,188	1,277,683
Total overhead	\$ 2,738,363	\$ 2,451,934
Percent of net revenues:		
Fundraising	10.19%	7.95%
Management and general	9.56%	8.65%
Total overhead, net method	19.75%	16.60%

14. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was, serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia, and the Organization's insurance policies also serve to limit its exposure. The Organization is not aware of any such obligations.

15. Subsequent Events:

Management has evaluated subsequent events through November 9, 2015, the date the financial statements were available to be issued, and has determined there are no other subsequent events to be reported in the accompanying financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets
Year Ended June 30, 2015

	Balance 6/30/2014	Support and Revenue	Allocations and Expenses	Reclassifications	Balance 6/30/2015
Unrestricted net assets:					
Undesignated	\$ -	\$ 367,358	\$ -	\$ (367,358)	\$ -
Designated net assets:					
Capital Replacement Reserve	97,144	34,049	-	(56,666)	74,527
Community Impact Reserve	101,185	-	35,000	(11,716)	54,469
Community Reserve Fund	5,323,992	196,853	(10,924)	(579,767)	4,952,002
Pension Plan Obligation	711,625	-	55,605	-	656,020
Southside Reserve Fund	36,378	-	-	-	36,378
United Way Operations	<u>1,798,240</u>	<u>403,128</u>	<u>3,648,482</u>	<u>3,275,221</u>	<u>1,828,107</u>
Total designated net assets	8,068,564	1,001,388	3,728,163	2,259,714	7,601,503
Land, building, and equipment net assets	<u>105,848</u>	<u>-</u>	<u>56,902</u>	<u>56,665</u>	<u>105,611</u>
Total unrestricted net assets	<u>\$ 8,174,412</u>	<u>\$ 1,001,388</u>	<u>\$ 3,785,065</u>	<u>\$ 2,316,379</u>	<u>7,707,114</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets, Continued
Year Ended June 30, 2015

	Balance 6/30/2014	Support and Revenue	Allocations and Expenses	Reclassifications	Balance 6/30/2015
Temporarily restricted net assets:					
Education/Early Care:					
Early Childhood/Smart Beginnings	\$ 217,156	\$ 533,528	\$ 694,430	\$ 37,428	\$ 93,682
Youth Program Quality Initiative	28,512	61,100	74,554	36,550	51,608
Other	2,059	-	2,059	-	-
Infant and Toddler	296	56,437	56,733	-	-
Income/Financial Stability:					
211 - Information and Referral	1,726	56,682	58,384	(24)	-
Energy Share (portion managed by United Way)	39,940	24,883	64,823	-	-
Metrocare	3,162	65,167	57,000	-	11,329
THRIVE Collaborative	37,500	32,000	9,196	85,400	145,704
Metrocash	52,312	78,000	105,067	8,100	33,345
Health					
Special Isolation Initiative	21,046	-	43,378	56,780	34,448
RVA Food Collaborative	-	25,000	21,000	(4,000)	-
Student United Way	-	1,000	2,000	1,000	-
Annual Campaign designated for future periods	28,818	7,009,729	4,465,642	(2,537,613)	35,292
Other					
Strategic Engagement	15,000	-	1,038	-	13,962
Total temporarily restricted net assets	<u>447,527</u>	<u>7,943,526</u>	<u>5,655,304</u>	<u>(2,316,379)</u>	<u>419,370</u>
Permanently restricted net assets:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,621,939</u>	<u>\$ 8,944,914</u>	<u>\$ 9,440,369</u>	<u>\$ -</u>	<u>\$ 8,126,484</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule 1
Summary of Community Initiatives
Year Ended June 30, 2015

	Education / Children and Youth				Health			Income / Financial Stability					Misc Programs*	Program Expenses
	Infant & Toddler	Ready by 21	Early Care /		Social Isolation	Food Initiatives	Total	Metrocash	Energy Share	2-1-1	Other	Total	Other	Total
			Smart Beginnings	Total										
Salaries	\$ 39,757	\$ -	\$ 104,561	\$ 144,318	\$ -	\$ -	\$ -	\$ 73,951	\$ -	\$ 40,600	\$ 2,785	\$ 117,336	\$ 69,125	\$ 330,779
Health and retirement benefits	6,617	-	25,618	32,235	-	-	-	3,376	-	7,259	-	10,635	6,576	49,446
Payroll taxes	3,124	-	8,040	11,164	-	-	-	5,341	-	3,418	213	8,972	5,606	25,742
Specific program expenses	-	52,646	481,917	534,563	41,780	22,000	63,780	10,400	64,822	-	45,898	121,120	18,097	737,560
Contract labor	-	-	-	-	-	-	-	1,635	-	-	-	1,635	-	1,635
Pension obligation	-	-	-	-	-	-	-	-	-	-	-	-	55,605	55,605
Professional fees	-	-	40,381	40,381	-	-	-	-	-	-	-	-	196	40,577
Supplies	67	27	1,819	1,913	1,598	-	1,598	6,633	-	-	-	6,633	1,528	11,672
Telephone	167	-	600	767	-	-	-	-	-	-	-	-	1,757	2,524
Postage and shipping	875	-	-	875	-	-	-	-	-	175	-	175	612	1,662
Occupancy	-	-	11,534	11,534	-	-	-	-	-	1,369	-	1,369	9,314	22,217
Equipment maintenance	495	-	-	495	-	-	-	506	-	-	-	506	3,293	4,294
Printing and publications	5,129	-	15,751	20,880	-	106	106	8,357	-	-	-	8,357	-	29,343
Travel and related expenses	501	15,205	1,824	17,530	-	-	-	3,424	-	4,879	122	8,425	1,673	27,628
Conferences and meetings	-	6,676	2,385	9,061	-	894	894	1,814	-	684	6,778	9,276	1,856	21,087
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	9,484	9,484
Miscellaneous	-	-	-	-	-	-	-	30	-	-	-	30	-	30
Total before UWA dues	56,732	74,554	694,430	825,716	43,378	23,000	66,378	115,467	64,822	58,384	55,796	294,469	184,722	1,371,285
United Way of America dues	-	-	-	-	-	-	-	-	-	-	-	-	21,729	21,729
Total functional expenses	\$ 56,732	\$ 74,554	\$ 694,430	\$ 825,716	\$ 43,378	\$ 23,000	\$ 66,378	\$ 115,467	\$ 64,822	\$ 58,384	\$ 55,796	\$ 294,469	\$ 206,451	\$ 1,393,014

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule 1
Summary of Community Initiatives
Year Ended June 30, 2014

	Education / Children and Youth				Health /	Income / Financial Stability					Misc	Program
					Older Adult						Programs*	Expenses
	Infant & Toddler	Ready by 21	Smart Beginnings	Total	Older Adult	Metrocash / EITC	Energy Share	2-1-1	Other	Total	Other	Total
Salaries	\$ 36,156	\$ 14,600	\$ 121,861	\$ 172,617	\$ -	\$ 64,767	\$ -	\$ 123,033	\$ -	\$ 187,800	\$ 91,184	\$ 451,601
Health and retirement benefits	5,299	-	15,070	20,369	-	6,785	-	17,828	-	24,613	14,709	59,691
Payroll taxes	3,077	-	9,286	12,363	-	4,955	-	10,398	-	15,353	8,345	36,061
Specific program expenses	-	11,500	479,066	490,566	650	-	297,487	-	59,292	356,779	15,000	862,995
Contract labor	-	-	-	-	-	840	-	-	-	840	346	1,186
Pension obligation	-	-	-	-	-	-	-	-	-	-	51,346	51,346
Professional fees	2,507	-	22,163	24,670	-	109	-	479	-	588	527	25,785
Supplies	1,899	-	1,890	3,789	-	6,510	-	582	-	7,092	191	11,072
Telephone	83	-	550	633	-	-	-	120	-	120	3,739	4,492
Postage and shipping	1,238	-	-	1,238	-	32	-	325	-	357	1,522	3,117
Occupancy	4,111	-	9,092	13,203	-	-	-	3,626	-	3,626	54,097	70,926
Equipment maintenance	-	-	4,000	4,000	-	-	-	3,365	-	3,365	14,924	22,289
Printing and publications	-	-	32,544	32,544	510	13,574	-	-	-	13,574	495	47,123
Travel and related expenses	448	-	3,172	3,620	-	4,478	-	576	-	5,054	2,564	11,238
Conferences and meetings	425	2,619	1,972	5,016	-	596	-	-	-	596	1,570	7,182
Depreciation expense	-	-	-	-	-	-	-	-	-	-	9,457	9,457
Miscellaneous	25	-	-	25	-	21	-	35	-	56	912	993
Total before UWA dues	55,268	28,719	700,666	784,653	1,160	102,667	297,487	160,367	59,292	619,813	270,928	1,676,554
United Way of America dues	-	-	-	-	-	-	-	-	-	-	22,000	22,000
Total functional expenses	\$ 55,268	\$ 28,719	\$ 700,666	\$ 784,653	\$ 1,160	\$ 102,667	\$ 297,487	\$ 160,367	\$ 59,292	\$ 619,813	\$ 292,928	\$ 1,698,554

*Misc programs include labor, directors & officers insurance, pension contributions, a prorated portion of depreciation and United Way dues, as well as community initiatives supported by the MWV/W-T Community Fund (MeadWestvaco Foundation).

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program (The Commonwealth of Virginia Department of of Health is the pass-through organization)	93.505	54-6001775	\$ 528,528
Social Services Block Grant (The Commonwealth of Virginia Department of Social Services is the pass-through organization)	93.667	Unknown	58,384
Child Care and Development Block Grant (The Commonwealth of Virginia Department of Behavioral Health and Developmental Services is the pass-through organization)	93.575	54-6001731	<u>56,732</u>
Total Department of Health and Human Services			643,644
U.S. Department of the Treasury:			
Volunteer Income Tax Assistance Grant	21.009	N/A	<u>52,500</u>
Total expenditures of federal awards			<u>\$ 696,144</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the United Way of Greater Richmond & Petersburg, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENTAL AUDITING STANDARDS***

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of United Way of Greater Richmond & Petersburg (“United Way”), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way’s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal controls, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted certain matters that we reported to management of United Way in a separate letter dated October 30, 2015.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keiter", with a long, sweeping horizontal stroke extending to the right.

November 9, 2015
Glen Allen, Virginia

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited the compliance of United Way of Greater Richmond & Petersburg (“United Way”) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. United Way’s major federal programs are identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of United Way’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on United Way’s compliance.

Opinion of Each Major Federal Program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.



November 9, 2015
Glen Allen, Virginia

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Summary Schedule of Prior Year Findings
Year Ended June 30, 2015

Not applicable

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS:

- (1) Unmodified opinion on the basic financial statements.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.
- (3) No noncompliance which is material to the consolidated financial statements was disclosed by the audit.
- (4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.
- (5) Unmodified opinion on compliance for major programs.
- (6) No audit findings were disclosed by the audit.
- (7) Major Programs:

93.505 – Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (9) The auditee did not qualify as a low risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS:

None

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Corrective Action Plan
Year Ended June 30, 2015

Not applicable