

United Way of Central West Virginia, Inc.

**Independent Auditors' Report
and
Financial Statements**

June 30, 2015

DHHR - Finance

MAR 15 2016

Date Received

United Way of Central West Virginia, Inc.

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Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report

To the Board of Directors
United Way of Central West Virginia, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central West Virginia, Inc. (a nonprofit organization), 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Central West Virginia, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Central West Virginia, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

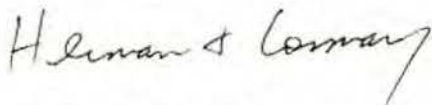
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, on our consideration of United Way of Central West Virginia, Inc.'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 *Government Auditing Standards* in considering United Way of Central West Virginia, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
October 14, 2015

DHHR - Finance

MAR 15 2016

Date Received

United Way of Central West Virginia, Inc.

Statement of Financial Position

June 30, 2015, with Comparative Totals
as of June 30, 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$1,069,554	\$1,038,685
Accounts receivable	200,567	203,501
Pledges receivable (net)	666,689	540,104
Prepaid expenses	<u>63,207</u>	<u>54,454</u>
Total Current Assets	<u>2,000,017</u>	<u>1,836,744</u>
Land, building, equipment (net)	530,451	561,302
Long-term investments	<u>741,722</u>	<u>778,361</u>
Total Assets	<u>\$3,272,190</u>	<u>\$3,176,407</u>
Liabilities		
Accounts payable	\$ 25,489	\$ 29,347
Accrued expenses	29,706	25,620
Grant and program funds received in advance	594,886	467,771
Donor designations	<u>313,015</u>	<u>329,022</u>
Total Current Liabilities	<u>963,096</u>	<u>851,760</u>
Net Assets		
Unrestricted	1,658,300	1,763,820
Temporarily restricted	<u>650,794</u>	<u>560,827</u>
Total Net Assets	<u>2,309,094</u>	<u>2,324,647</u>
Total Liabilities and Net Assets	<u>\$3,272,190</u>	<u>\$3,176,407</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.
Statement of Activities
For the Year Ended June 30, 2015,
with Comparative Totals for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenues, Gains, and Support				
Pledges				
Total pledges received	\$ -0-	\$2,290,202	\$2,290,202	\$1,891,911
Uncollectible pledges, net	-0-	(33,165)	(33,165)	(40,004)
Less donor pass through pledges	-0-	(228,090)	(228,090)	(199,628)
Net Pledges	<u>-0-</u>	<u>2,028,947</u>	<u>2,028,947</u>	<u>1,652,279</u>
Administrative fees income	1,692	-0-	1,692	1,118
Realized investment income (loss)	34,646	-0-	34,646	41,768
Net unrealized (loss) gains on long-term investments	(17,196)	-0-	(17,196)	11,828
Foster grandparents	-0-	452,900	452,900	452,770
AmeriCorps/Vista	-0-	1,390,174	1,390,174	1,511,396
Other grants and programs	-0-	298,562	298,562	238,003
Contributions – water crisis	-0-	-0-	-0-	112,720
Other contributions	29,928	-0-	29,928	16,096
Miscellaneous	19,516	-0-	19,516	33,489
Rent income & equipment fees (net)	33,176	-0-	33,176	30,544
Satisfaction of restrictions	<u>4,080,616</u>	<u>(4,080,616)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains and Support	<u>4,182,378</u>	<u>89,967</u>	<u>4,272,345</u>	<u>4,102,011</u>
Expenses and Losses				
Total program costs	3,558,892	-0-	3,558,892	3,555,328
Management and general	367,288	-0-	367,288	392,813
United Way Worldwide dues	18,730	-0-	18,730	18,479
Fundraising	<u>342,988</u>	<u>-0-</u>	<u>342,988</u>	<u>286,465</u>
Total Expenses and Losses	<u>4,287,898</u>	<u>-0-</u>	<u>4,287,898</u>	<u>4,253,085</u>
Change in Net Assets	(105,520)	89,967	(15,553)	(151,074)
Net Assets, Beginning of Year	<u>1,763,820</u>	<u>560,827</u>	<u>2,324,647</u>	<u>2,475,721</u>
Net Assets, End of Year	<u>\$1,658,300</u>	<u>\$ 650,794</u>	<u>\$2,309,094</u>	<u>\$2,324,647</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2015,
with Comparative Totals for the Year Ended June 30, 2014

	Program Costs				
	Retired and Senior Volunteer Program	Foster Grand Parents	AHI	AmeriCorps/ Vista	Other Program Expenses
Salaries	\$ 95,654	\$ 85,533	\$41,000	\$1,132,873	\$88,703
Payroll Taxes	3,200	7,227	3,412	88,925	7,982
Benefits	3,670	6,697	1,691	50,530	12,549
Total salaries and related expenses	102,524	99,457	46,103	1,272,328	109,234
Professional fees	1,600	2,335	-0-	-0-	-0-
Outside services	-0-	-0-	556	4,939	3,137
Participant stipend	-0-	268,555	-0-	-0-	-0-
Communications	3,090	3,753	1,705	4,953	1,402
Postage	805	1,474	61	1,584	26
Occupancy	6,850	4,859	3,001	3,620	-0-
Repairs and maintenance	-0-	-0-	300	-0-	-0-
Printing and copying cost	159	1,015	-0-	27	1
Travel and meals	9,352	58,837	6,034	24,035	178
Conferences and meetings	-0-	-0-	680	-0-	2,108
Miscellaneous and grants	8,789	2,113	-0-	1,725	976
Insurance	4,771	697	-0-	-0-	-0-
Staff development	-0-	-0-	-0-	18,477	238
Allocation to agencies	-0-	-0-	-0-	-0-	-0-
Water crisis assistance	-0-	-0-	-0-	-0-	-0-
Volunteer recognition	11,723	3,599	-0-	2,291	600
Depreciation	-0-	-0-	-0-	-0-	-0-
Dues	-0-	-0-	1,368	-0-	1
Supplies	15,101	7,036	7,776	15,665	9,859
Special Events	-0-	-0-	-0-	-0-	-0-
Advertising/Promotion	-0-	-0-	-0-	-0-	20,002
Total Expenses	<u>\$164,764</u>	<u>\$453,730</u>	<u>\$67,584</u>	<u>\$1,349,644</u>	<u>\$147,762</u>

See notes to financial statements.

<u>Information & Referral</u>	<u>Community Service</u>	<u>Total Program Costs</u>	<u>Supporting Activities</u>			<u>2015 Total</u>	<u>2014 Total</u>
			<u>Management & General</u>	<u>United Way Worldwide Dues</u>	<u>Fund Raising</u>		
\$ 39,359	\$ 35,490	\$1,518,612	\$139,405	\$ -0-	\$187,409	\$1,845,426	\$1,855,936
3,146	2,758	116,650	9,867	-0-	15,138	141,655	138,096
<u>9,777</u>	<u>5,818</u>	<u>90,732</u>	<u>36,378</u>	<u>-0-</u>	<u>39,974</u>	<u>167,084</u>	<u>184,255</u>
52,282	44,066	1,725,994	185,650	-0-	242,521	2,154,165	2,178,287
1,339	-0-	5,274	30,375	-0-	-0-	35,649	32,059
-0-	10,629	19,261	20,581	-0-	5,408	45,250	89,407
-0-	-0-	268,555	-0-	-0-	-0-	268,555	270,035
1,056	-0-	15,959	7,948	-0-	4,628	28,535	27,031
404	145	4,499	3,715	-0-	2,525	10,739	8,155
-0-	-0-	18,330	27,548	-0-	2,975	48,853	47,078
744	-0-	1,044	27,572	-0-	200	28,816	24,702
433	23	1,658	-0-	-0-	8,494	10,152	11,676
501	2,079	101,016	1,416	-0-	4,785	107,217	113,639
671	-0-	3,459	-0-	-0-	272	3,731	9,614
-0-	660	14,263	4,858	-0-	(341)	18,780	35,074
-0-	-0-	5,468	13,367	-0-	-0-	18,835	14,937
-0-	-0-	18,715	79	-0-	-0-	18,794	34,190
-0-	1,257,920	1,257,920	-0-	-0-	-0-	1,257,920	1,078,605
-0-	-0-	-0-	-0-	-0-	-0-	-0-	112,720
-0-	459	18,672	1,281	-0-	2,269	22,222	16,247
-0-	-0-	-0-	32,479	-0-	-0-	32,479	33,031
-0-	454	1,823	2,163	18,730	-0-	22,716	22,952
642	901	56,980	8,062	-0-	2,818	67,860	39,797
-0-	-0-	-0-	-0-	-0-	33,964	33,964	4,845
<u>-0-</u>	<u>-0-</u>	<u>20,002</u>	<u>194</u>	<u>-0-</u>	<u>32,470</u>	<u>52,666</u>	<u>49,004</u>
<u>\$58,072</u>	<u>\$1,317,336</u>	<u>\$3,558,892</u>	<u>\$367,288</u>	<u>\$18,730</u>	<u>\$342,988</u>	<u>\$4,287,898</u>	<u>\$4,253,085</u>

United Way of Central West Virginia, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2015
with Comparative Totals for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in assets	\$ (15,553)	\$ (151,074)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,479	33,031
Allowance for uncollectible accounts	(5,579)	(28,559)
Unrealized (gain) loss on investments	17,196	(11,828)
Decrease in accounts receivable	2,934	6,613
(Increase) decrease in prepaid expenses	(8,753)	22,299
(Increase) decrease in contributions receivable	(121,006)	45,832
Decrease in donor designations	(16,007)	(9,138)
(Decrease) increase in accounts payable	(3,858)	246
Increase (decrease) in accrued expenses	4,086	(6,402)
Increase in grant and program funds received in advance	<u>127,115</u>	<u>3,151</u>
Net Cash Provided By (Used In) Operating Activities	<u>13,054</u>	<u>(95,830)</u>
Cash Flows From Investing Activities		
Purchase of furniture and equipment	(1,628)	(970)
Purchase of investments	(101,553)	(589,918)
Sale of investments	<u>120,996</u>	<u>568,778</u>
Net Cash Provided By (Used In) Investing Activities	<u>17,815</u>	<u>(22,110)</u>
Cash Flows From Financing Activities	<u>-0-</u>	<u>-0-</u>
Net Increase (Decrease) in Cash	30,869	(117,940)
Cash and Cash Equivalents, Beginning of Year	<u>1,038,685</u>	<u>1,156,625</u>
Cash and Cash Equivalents, End of Year	<u>\$1,069,554</u>	<u>\$1,038,685</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.

Notes to Financial Statements

June 30, 2015, with Comparative Totals
as of June 30, 2014

Note A – Summary of Significant Accounting Policies

Organization – The United Way of Central West Virginia, Inc. is a non-profit, non-stock organization organized under the laws of the State of West Virginia. The Organization was formed to identify needs, develop and mobilize resources and implement programs in a manner that models shared leadership, enhances organizational capacity and builds a better community. The Organization is governed by a local voluntary Board of Directors and managed by local staff. It is affiliated with the United Way of America through the National Service and Training Center only in that it receives services from the National Center for which it remits voluntary dues. The Organization's main source of revenues include pledges from its fundraising campaign, federal and state grants, and earnings from various programs conducted.

Basis of Financial Reporting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized as earned and expenses are recognized as incurred.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes – The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Sec. 501 (c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Sec. 501(a) of the IRC.

As of June 30, 2015, the tax years that remain subject to examination by taxing authorities begin with 2012. Tax returns for 2012, 2013 and 2014 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

Advertising – Advertising costs are expensed as incurred. The total advertising and promotion expense for the years ended June 30, 2015 and 2014 are \$52,664 and \$49,004, respectively.

Comparative Totals – 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, 2014, from which the summarized information was derived.

Reclassifications – Certain amounts in the 2014 comparative financial statements have been reclassified to conform to the classifications reported in the financial statements for the year ended June 30, 2015.

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

June 30, 2015, with Comparative Totals
as of June 30, 2014

Note A – Summary of Significant Accounting Policies (Continued)

Revenue Recognition – In the accompanying financial statements, transactions have been classified as unrestricted, temporarily restricted, or permanently restricted based upon the intent and stipulations provided by the donor or grantor.

The revenues and net assets of the Organization are reported as follows:

1. Unrestricted – includes resources without donor-imposed stipulations.
2. Temporarily Restricted – includes resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization satisfying those stipulations.
3. Permanently Restricted – includes resources whose use is limited by donor-imposed stipulations that cannot be satisfied by actions of the Organization or passage of time.

Donor Pass Through Pledges – Pledges received by the Organization where the donor has specified another entity as the ultimate recipient, are not recognized in the Organization's net revenues. These amounts are recognized as a liability to the designated organization net of uncollectible pledges and administrative fees upon receipt.

Donated Material and Services – The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services, management, and its fund raising campaigns. However, due to the nature of the estimate, no amounts have been recognized in the statement of activities.

Allocated Expenses – Expenses by function have been allocated among program services, fund distribution, management and general, and fund raising services classifications on the basis of time records and on estimates made by the Organization's management. The expenses have been summarized on a functional basis in the Statement of Functional Expenses.

Property, Furniture and Equipment – Property, furniture and equipment are stated at cost or at the fair market value on the date of receipt, in the case of in-kind gifts. The Organization capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2015 and 2014 was \$32,479 and \$33,031, respectively. These amounts at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 425,452	\$ 425,848
Building	936,586	936,586
	1,362,038	1,362,434
Less accumulated depreciation	<u>1,133,010</u>	<u>1,102,555</u>
	229,028	259,879
Land	301,423	301,423
	<u>\$ 530,451</u>	<u>\$ 561,302</u>

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

**June 30, 2015, with Comparative Totals
as of June 30, 2014**

Note B – Pledges Receivable

The United Way of Central WV, Inc. pledges receivable total \$666,689 and \$540,104 for the years ended June 30, 2015 and 2014, respectively.

The current year campaign accounts for funds raised in the first six months of 2015, the proceeds of which will be distributed in 2015 to the United Way of Central WV, Inc. agencies. All current year campaign funds raised during the year ended June 30, 2015 have been recorded as income, net of the estimated allowance for uncollectible pledges. Management provides for probable uncollectible accounts through an adjustment to an allowance account and the pledges revenue based upon an assessment of the current status of individual accounts. Balances, which approximate fair value, at June 30, 2015 were:

Total pledges outstanding 2014-2015	\$737,454
Allowance for uncollectible	<u>(70,765)</u>
Net campaign	<u>\$666,689</u>

Note C – Accounts Receivable

Accounts receivable for the Organization consist primarily of governmental grants. Management feels there is no need for an allowance for uncollectible accounts since they believe the full amount to be collectible. The balance of accounts receivable at June 30, 2015 and 2014 was \$200,567 and \$203,501, respectively.

Note D – Restrictions of Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Combating Underage Drinking	\$ 16	\$ 16
Restricted to distribution in the 6 months ended 12-15 and 12-14	<u>650,778</u>	<u>560,811</u>
Total temporarily restricted net assets	<u>\$650,794</u>	<u>\$560,827</u>

United Way of Central West Virginia, Inc.
Notes to Financial Statements (Continued)
June 30, 2015, with Comparative Totals
as of June 30, 2014

Note E – Investments

Investment activity for the year ended June 30, 2015 is reflected in the table below.

Market value of investments at June 30, 2014	\$778,361
Distributions to United Way Operating Account	(36,000)
Investment returns:	
Dividends and interest	23,734
Realized gain or (loss)	(331)
Unrealized gain (loss)	(17,196)
Expenses	<u>(6,846)</u>
Total return on investments	<u>(639)</u>
Market value of investments at June 30, 2015	<u>\$741,722</u>

The breakdown of funds by investment type at June 30, 2015, is as follows:

	<u>Cost Basis</u>	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>
Corporate obligations	\$527,056	\$516,694	\$532,929
Mutual funds and stocks	138,237	147,599	166,086
Money market funds	<u>77,429</u>	<u>77,429</u>	<u>79,346</u>
	<u>\$742,721</u>	<u>\$741,722</u>	<u>\$778,361</u>

All investments are Level 1 investments and are reported on the basis of quoted market prices and unrestricted assets at June 30, 2015.

Note F – Concentration of Credit Risk

The Organization receives a majority of its pledges from its annual campaign from the Kanawha Valley. Additionally, the Organization receives funds from federal and state government grants. A material reduction in the level of support from the campaign or the government grants would have a significant impact on the Organization's programs and activities.

Additionally, the Organization holds cash in various accounts in a local bank. The Federal Deposit Insurance Corporation (FDIC) insures accounts to a maximum of \$250,000 per depositor. At June 30, 2015, aggregate amounts in these accounts in excess of the \$250,000 limit may not be insured.

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

June 30, 2015, with Comparative Totals
as of June 30, 2014

Note G – Retirement Plan

The Organization maintains a 403(b) pension plan for its employees. During the years ended June 30, 2015 and 2014, the Organization matched 75% of employees' contributions up to 4% of wages, and additionally, the company contributed an amount equal to 2% of all participating employee's wages into the plan through February 28, 2009. This discretionary contribution was suspended on March 1, 2009. Pension expense for the years ended June 30, 2015 and 2014 was \$19,429 and \$16,940, respectively.

Note H – Fundraising and Administrative Expense Ratio

As recommended by the United Way Worldwide, the fundraising and administrative expense ratios were calculated utilizing the gross method, which utilizes gross revenues without any deductions for the allowance for uncollectible pledges or donor pass through pledges. The fundraising and administrative expense ratios for the years ended June 30, 2015 and 2014 were 14.89% and 14.82%, respectively.

Note I – Grant and Program Funds Received in Advance

Grant and program funds received in advance relates to funds received from the various grantor agencies and other program sources in advance of expenditures incurred. The funds are restricted to the intended purpose of the grant or activity. The advance funds at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Parents as Teachers	\$ 4,481	\$ 9,681
Fiscal Agents Fund	17,262	14,536
Foster Grandparent	3,557	3,706
Vista-Sponsorship and Matching Funds	6,144	2,831
AmeriCorps Matching and Other Grant Funds	323,307	311,770
AHI and Teen Institute	27,474	15,097
Foster Grandparent-Volunteer Funds	4,135	4,135
EITC	49,369	29,695
RSVP	14,921	22,762
Contributions – Bertie Cohen	37,860	37,860
Pledges received for future campaigns	72,483	-0-
Sunday Scoop and Incentive Sponsorship	7,500	7,500
Catastrophic Illness	13,260	-0-
Other advances	<u>13,133</u>	<u>8,198</u>
	<u>\$594,886</u>	<u>\$467,771</u>

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

**June 30, 2015, with Comparative Totals
as of June 30, 2014**

Note J – Assets Transferred to Recipient Organization

The Organization receives contributions as part of its annual campaign that are designated to various agencies. The Organization has no variance power over the funds. The Organization is not entitled to receive any of these funds back once they have been distributed. The total donor choice payments distributed during the years ended June 30, 2015 and 2014 were \$228,090 and \$199,628, respectively. These amounts are not recognized in revenues or expenses in the related statement of activities. Additionally, the Organization raised and reported pledges as part of its annual campaign total that are not recorded as revenues since these contributions are paid directly to designated member agencies instead of passing thru the Organization. For the years ended June 30, 2015 and 2014, these contributions totaled \$74,038 and \$101,562, respectively.

The Organization has a beneficial interest in the United Way Fund held with the Greater Kanawha Valley Foundation. The individual donor's granted the Greater Kanawha Valley Foundation variance power. Therefore, based upon the provisions of FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others*, the assets are not recorded in the statement of financial position. The total amounts held in the United Way fund was \$373,917 and \$393,412 for the years ended June 30, 2015 and 2014, respectively. Distributions from the fund totaling \$18,089 and \$17,031 for the years ended June 30, 2015 and 2014 are recorded as revenue in the accompanying statement of activities.

Note K – Date of Management Evaluation

Subsequent events were evaluated through October 14, 2015, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
United Way of Central West Virginia, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central West Virginia, Inc. (a nonprofit organization), 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 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central West Virginia, Inc.'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 of Central West Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central West Virginia, Inc.'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 a combination of deficiencies, in internal control, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control and are described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

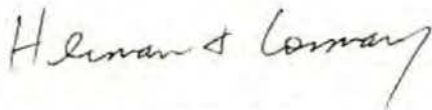
As part of obtaining reasonable assurance about whether United Way of Central West Virginia, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 *Government Auditing Standards*.

United Way of Central West Virginia, Inc.'s Response to Findings

United Way of Central West Virginia, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United Way of Central West Virginia, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
October 14, 2015

DHHR - Finance

MAR 15 2016

Date Received

Herman & Cormany

Certified Public Accountants, A.C.

Accountants & Consultants

Independent Auditors' Report 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 Central West Virginia, Inc.

Report on Compliance for Each Major Federal Program

We have audited United Way of Central West Virginia, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of United Way of Central West Virginia, Inc.'s major federal programs for the year ended June 30, 2015. United Way of Central West Virginia, Inc.'s major federal programs are identified in the summary of auditors' 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 of Central West Virginia, Inc.'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 of America; the standards applicable to financial audits contained in *Government 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 of Central West Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
United Way of Central West Virginia, Inc.
Page two

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 of United Way of Central West Virginia, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Central West Virginia, Inc. 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

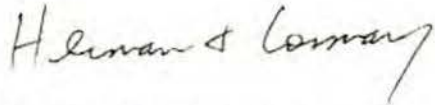
Management of United Way of Central West Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Central West Virginia, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 of Central West Virginia, Inc.'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 control over compliance, such that there is a reasonable possibility that 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.

To the Board of Directors
United Way of Central West Virginia, Inc.
Page three

The purpose of this report on internal control over compliance 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 purpose.



Charleston, West Virginia
October 14, 2015

DHHR - Finance

MAR 15 2016

Date Received

United Way of Central West Virginia, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Service:			
Foster Grandparents Program	94.011	13SFSWV001	\$ 452,900
Retired Senior Volunteer Program	94.002	13SRSWV005	81,392
Retired Senior Volunteer Program	94.002	14SRSWV001	74,849
Vista	94.013	08VSSWV005	217,845
Passed Through the WV Commission for National and Community Service:			
Americorps Veteran Corps	94.006	12ACHWV001003-1	89,076
Americorps Veteran Corps	94.006	12ACHWV0010003-2	45,782
Americorps	94.006	12ACHWV001001-2	167,522
AmeriCorps	94.006	12ACHWV001003-3	<u>546,469</u>
Total Corporation for National Service			<u>1,675,835</u>
Department of Health and Human Services Passed Thru The West Virginia Department of Health and Human Resources			
Maternal and Child Health Services Block Grant	93.994	G150350	72,500
Temporary Assistance for Needy Families	93.558	G140530	18,318
Temporary Assistance for Needy Families	93.558	G150499	<u>33,750</u>
			<u>124,568</u>
Total Federal Financial Assistance			<u>\$1,800,403</u>

United Way of Central West Virginia, Inc.
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2015

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of United Way of Central West Virginia, Inc. under programs of the federal government for the year ended June 30, 2015. 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*. Because the Schedule presents only a selected portion of the operations of United Way of Central West Virginia, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of Central West Virginia, Inc.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Additionally, pass-through entity identifying numbers are presented where available.

United Way of Central West Virginia, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified? x Yes ___ No
- Noncompliance material to financial statements notes? ___ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x No

Type of auditors’ report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ Yes x No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

94.006
94.011

Americorps
Foster Grandparents Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x Yes ___ No

United Way of Central West Virginia, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2015

Section II – Financial Statement Findings

2015-001 Processing of Payments

Condition: One of the organization's accounting personnel misappropriated funds during the year from the general funds of the organization.

Criteria: While controls were in place to prevent the misappropriation of funds, the employee was able to circumvent those controls and divert company funds for personal use, the majority of which were reimbursed by the Organization's insurance carrier.

Effect: Due to the diversion of funds, the organization incurred a loss, after reimbursement from the insurance company, of \$2,513.

Recommendation: The organization should implement additional procedures and follow all current procedures to insure that future misappropriations do not occur.

Response: We agree with the recommendation and will continue to follow current procedures in place, as well as implementing new ones, to insure that future misappropriations do not occur.

Section III – Federal Award Findings and Questioned Costs

None.