



United Way  
of Fresno County

# Financial Statements

For the Years Ended  
June 30, 2014 and 2013

**GIVE. ADVOCATE. VOLUNTEER.**  
**LIVE UNITED.**

# Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Activities.....	3
Consolidated Statement of Functional Expenses.....	4
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements.....	6



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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
United Way of Fresno County  
Fresno, California

We have audited the accompanying consolidated financial statements of United Way of Fresno County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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. 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 Fresno County as of June 30, 2014, 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 the United Way of Fresno County 2013 financial statements, and our report dated January 13, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clovis, CA  
January 22, 2016

**United Way of Fresno County**  
**(A Non-profit Corporation)**  
**Combined Statement of Financial Position**  
**June 30, 2014 with Comparative Totals for 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Subtotal</u>	<u>Fresno Fund I, LLC</u>	<u>Totals</u>	
					<u>2014</u>	<u>2013</u>
					<u>(Combined)</u>	<u>(Combined)</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 1,021,676	\$ 178,995	\$ 1,200,671	\$ 37,896	\$ 1,238,567	\$ 1,009,750
Pledges to be received, net of allowance for uncollectible amounts (Note 3)	761,425	-	761,425	-	761,425	913,587
Grants receivable	52,769	-	52,769	-	52,769	26,545
Other receivables	11,208	-	11,208	-	11,208	1,316
Prepaid expenses and deposits	<u>39,928</u>	<u>-</u>	<u>39,928</u>	<u>-</u>	<u>39,928</u>	<u>15,147</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,887,006</b>	<b>178,995</b>	<b>2,066,001</b>	<b>37,896</b>	<b>2,103,897</b>	<b>1,966,345</b>
Property and equipment, net of accumulated depreciation (Note 4)	1,212,346	-	1,212,346	-	1,212,346	1,244,698
Board designated investments (Notes 5)	65,062	-	65,062	-	65,062	54,129
Investment - Time Share (Note 7)	<u>4,750</u>	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>4,750</u>	<u>4,750</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,169,164</u></b>	<b><u>\$ 178,995</u></b>	<b><u>\$ 3,348,159</u></b>	<b><u>\$ 37,896</u></b>	<b><u>\$ 3,386,055</u></b>	<b><u>\$ 3,269,922</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Line of credit (Note 9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	203,886	-	203,886	-	203,886	101,053
Fiduciary liability to other organizations	482,906	-	482,906	-	482,906	513,557
Pledges due to designated agencies	764,800	-	764,800	-	764,800	673,807
Long-term debt, current portion (Note 10)	<u>17,832</u>	<u>-</u>	<u>17,832</u>	<u>-</u>	<u>17,832</u>	<u>16,980</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,469,424</b>	<b>-</b>	<b>1,469,424</b>	<b>-</b>	<b>1,469,424</b>	<b>1,305,397</b>
<b>LONG-TERM LIABILITIES</b>						
Long-term debt, net of current portion (Note 10)	<u>782,987</u>	<u>-</u>	<u>782,987</u>	<u>-</u>	<u>782,987</u>	<u>799,639</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,252,411</u></b>	<b><u>-</u></b>	<b><u>2,252,411</u></b>	<b><u>-</u></b>	<b><u>2,252,411</u></b>	<b><u>2,105,036</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>						
Unrestricted	851,691	-	851,691	-	851,691	949,883
Unrestricted, board-designated endowment (Note 5)	65,062	-	65,062	-	65,062	54,129
Unrestricted, Fresno Fund I, LLC (Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,896</u>	<u>37,896</u>	<u>38,657</u>
Unrestricted total	916,753	-	916,753	37,896	954,649	1,042,669
Temporarily Restricted, Other (Note 13)	<u>-</u>	<u>178,995</u>	<u>178,995</u>	<u>-</u>	<u>178,995</u>	<u>122,217</u>
<b>TOTAL NET ASSETS</b>	<b><u>916,753</u></b>	<b><u>178,995</u></b>	<b><u>1,095,748</u></b>	<b><u>37,896</u></b>	<b><u>1,133,644</u></b>	<b><u>1,164,886</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,169,164</u></b>	<b><u>\$ 178,995</u></b>	<b><u>\$ 3,348,159</u></b>	<b><u>\$ 37,896</u></b>	<b><u>\$ 3,386,055</u></b>	<b><u>\$ 3,269,922</u></b>

See Accompanying Notes to Financial Statements

**United Way of Fresno County**  
**(A Non-profit Corporation)**  
**Combined Statement of Activities**  
**Year Ended June 30, 2014 with Comparative Totals for 2013**

	Unrestricted	Temporarily Restricted	Subtotal	Fresno Fund I, LLC	2014 <u>(Combined)</u>	2013 <u>(Combined)</u>
<b>TOTAL CAMPAIGN RESULTS</b>	\$ 2,067,244	\$ 65,418	\$ 2,132,662	\$ -	\$ 2,132,662	\$ 2,111,844
<b>DONOR DESIGNATIONS</b> (Note 1)	<u>1,225,976</u>	<u>-</u>	<u>1,225,976</u>	<u>-</u>	<u>1,225,976</u>	<u>1,075,973</u>
<b>UNDESIGNATED CAMPAIGN CONTRIBUTIONS</b>	<u>\$ 841,268</u>	<u>\$ 65,418</u>	<u>\$ 906,686</u>	<u>\$ -</u>	<u>\$ 906,686</u>	<u>\$ 1,035,871</u>
<b>REVENUE AND SUPPORT</b>						
Pledges and contributions	\$ 841,268	\$ 65,418	\$ 906,686	\$ -	\$ 906,686	\$ 1,035,871
Less estimated uncollectible pledges	<u>(197,018)</u>	<u>-</u>	<u>(197,018)</u>	<u>-</u>	<u>(197,018)</u>	<u>(149,660)</u>
Net pledges and contributions	<u>644,250</u>	<u>65,418</u>	<u>709,668</u>	<u>-</u>	<u>709,668</u>	<u>886,211</u>
Other revenue:						
Grants	54,860	440,583	495,443	-	495,443	399,757
Designation Service/Admin Fees (Note 1)	238,341	-	238,341	-	238,341	238,368
Special Events	219,763	-	219,763	-	219,763	29,805
Miscellaneous	85,539	-	85,539	39	85,578	49,028
Net assets released from restrictions (Note 13)	<u>449,223</u>	<u>(449,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,691,976</u>	<u>56,778</u>	<u>1,748,754</u>	<u>39</u>	<u>1,748,793</u>	<u>1,603,169</u>
<b>DISTRIBUTIONS AND EXPENSES</b>						
Program services	1,391,543	-	1,391,543	-	1,391,543	1,113,600
Fundraising	270,732	-	270,732	-	270,732	444,564
Management and general	96,384	-	96,384	800	97,184	150,472
United Way Worldwide dues	<u>20,576</u>	<u>-</u>	<u>20,576</u>	<u>-</u>	<u>20,576</u>	<u>20,187</u>
<b>TOTAL DISTRIBUTIONS AND EXPENSES</b>	<u>1,779,235</u>	<u>-</u>	<u>1,779,235</u>	<u>800</u>	<u>1,780,035</u>	<u>1,728,823</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(87,259)	56,778	(30,481)	(761)	(31,242)	(125,654)
<b>NET ASSETS, beginning of year</b>	<u>1,004,012</u>	<u>122,217</u>	<u>1,126,229</u>	<u>38,657</u>	<u>1,164,886</u>	<u>1,290,540</u>
<b>NET ASSETS, end of year</b>	<u>\$ 916,753</u>	<u>\$ 178,995</u>	<u>\$ 1,095,748</u>	<u>\$ 37,896</u>	<u>\$ 1,133,644</u>	<u>\$ 1,164,886</u>

See Accompanying Notes to Financial Statements

**United Way of Fresno County**  
**(A Non-profit Corporation)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2014 with Comparative Totals for 2013**

Program Services	Supporting Services				Totals	
	Fund Raising	Management & General	United Way WW Dues	Fresno Fund I, LLC	2014	2013
<b>DISTRIBUTIONS TO AGENCIES</b>	\$ 49,819	\$ -	\$ -	\$ -	\$ 49,819	\$ 70,382
<b>SALARIES AND RELATED BENEFITS</b>						
Salaries	658,528	155,967	51,989	-	866,484	896,960
Employee benefits	99,347	23,530	7,843	-	130,720	143,974
Payroll taxes	73,938	17,512	5,837	-	97,287	89,884
<b>TOTAL SALARIES AND RELATED BENEFITS</b>	<b>831,813</b>	<b>197,009</b>	<b>65,669</b>	<b>-</b>	<b>1,094,491</b>	<b>1,130,818</b>
<b>OTHER OPERATING EXPENSES</b>						
Building maintenance	32,977	4,768	1,986	-	39,731	26,479
Communications	26,449	3,824	1,593	-	31,866	34,474
Conferences, meetings and training	22,280	3,221	1,342	-	26,843	23,092
Depreciation	26,852	3,882	1,618	-	32,352	33,231
Donor recognition	2,723	394	164	-	3,281	17,910
Equipment rental and maintenance	25,844	3,736	1,557	-	31,137	22,114
Insurance	13,890	2,008	837	-	16,735	19,825
Interest	37,860	5,474	2,280	-	45,614	51,811
LLC tax and fees			-	-	800	4,325
Memberships and affiliations	10,371	1,499	625	-	12,495	8,094
Other operating expenses	23,108	3,341	1,392	-	27,841	54,099
Postage and shipping	993	144	60	-	1,197	1,967
Printing and publications	12,994	1,879	782	-	15,655	9,660
Professional fees	83,343	12,050	5,020	-	100,413	96,415
Property taxes	208	30	12	-	250	586
Special events	139,150	20,118	8,383	-	167,651	46,490
Supplies	11,347	1,641	683	-	13,671	10,221
Travel	12,646	1,828	762	-	15,236	15,139
United Way Worldwide dues				20,576	20,576	20,187
Utilities	26,876	3,886	1,619	-	32,381	31,504
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>509,911</b>	<b>73,723</b>	<b>30,715</b>	<b>20,576</b>	<b>635,725</b>	<b>527,623</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,391,543</b>	<b>\$ 270,732</b>	<b>\$ 96,384</b>	<b>\$ 20,576</b>	<b>\$ 1,780,035</b>	<b>\$ 1,728,823</b>

See Accompanying Notes to Financial Statements

**United Way of Fresno County  
(A Non-profit Corporation)  
Statements of Cash Flows  
Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (31,242)	\$ (125,654)
Adjustments to reconcile increase(decrease) in net assets to net cash provided from (used by) operating activities:		
Depreciation	32,352	33,231
Changes in:		
Pledges to be received	152,162	12,948
Grants receivable	(26,224)	(7,046)
Other receivables	(9,892)	-
Prepaid expenses and deposits	(24,781)	12,811
Accounts payable and accrued expenses	102,833	(14,687)
Fiduciary liability to other organizations	(30,651)	33,343
Due to designated agencies	90,993	17,479
	<b>255,550</b>	<b>(37,575)</b>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reinvestment of board designated investment income	(10,933)	(4,015)
	<b>(10,933)</b>	<b>(4,015)</b>
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(15,800)	(21,488)
	<b>(15,800)</b>	<b>(21,488)</b>
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	228,817	(63,078)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,009,750	1,072,828
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,238,567</b>	<b>\$ 1,009,750</b>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
 <b>CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 45,614</b>	<b>\$ 51,811</b>

See Accompanying Notes to Financial Statements

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 1 — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Nature of Organization**

United Way of Fresno County (“UWFC”) incorporated in California in 1924, is an independent, locally managed nonprofit organization. Since its inception 89 years ago, UWFC has been a leader in the local nonprofit community encouraging philanthropy and investing those dollars in programs to serve the health and human needs in Fresno County residents. Its mission is to mobilize the caring power of communities to make long-lasting change and impact in community conditions.

UWFC is committed to creating community change by positioning itself as an inclusive community leader in Fresno County, while honoring donors’ philanthropic interests. UWFC is focused on achieving community impact in the areas of Education, Income, Health and Strengthening Community.

The Local Federal Coordinating Committee contracts with United Way of Fresno County to run the local Combined Federal Campaign (CFC). The CFC is the way federal employees donate to nonprofit organizations around the world. UWFC provides staff support, training and materials to federal offices that participate in the annual drive. See Note 1 on donor designations and designation service/admin fees.

**Impact Area Grant Making**

**Income, Education & Health:** *Successful Children Impact Council, Income: Financial Stability Impact Council and Health: Healthy Community Impact Council:* UWFC makes strategic investments to create greater opportunities for low income individuals and families in Fresno County. To that end, UWFC’s investments focus on populations including Children and Youth (very young children, school-aged children and their families, and youth transitioning into adulthood) and working families. UWFC actively seeks to engage other funders (e.g., foundations, corporations, leadership givers, public sector, etc.) in making collaborative investment to leverage financial resources to create the greatest community change. Grant proposals are evaluated on the basis of their alignment with UWFC’s Community Impact Agenda as well as the agency’s ability to demonstrate high standards in fiscal and programmatic operations, and overall organizational strength. All grants are subject to approval by UWFC’s Board of Directors.

*Community Information and Referral:* UWFC makes investments to increase the resources, collaboration, and common standards necessary to ensure non-profit crisis preparedness and to bolster response and recovery capacity. UWFC invests in the volunteerism infrastructure across Fresno County to support the non-profit sector and in programs to provide individuals (and the non-profit and public sectors that serve them) with the information they need to move toward successful adulthood and financial stability. Through 2-1-1, UWFC sits at the hub of the community, connecting people with information to drive change. Additionally, UWFC raises awareness of, and leverages resources for, organizations aligned with its agenda through sponsorships.

**Projects, Programs and Initiatives**

UWFC has a long history of incubating non-profit and community based projects, and supporting them with seed funding, fiscal sponsorship and operational support to strengthen the community in the areas of EDUCATION, INCOME, and HEALTH - the building blocks of a good life. These three areas impact everything we do; a good education that leads to a stable job; with an income that will support a family through retirement; and access to resources that build and sustain good health.



**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 1 — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

**Projects, Programs and Initiatives (Continued)**

By working together with community partners and agencies to leverage the resources for a stronger community, United Way of Fresno County works to improve the lives of individuals and families in Fresno County.

**Summary of Significant Accounting Policies:**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC No. 958, *Not-For-Profit Entities*. Under FASB ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of United Way of Fresno County and Fresno Fund I, LLC, a single member limited liability company. All significant intercompany accounts and transactions have been eliminated in consolidation.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the presentation of the 2014 financial statements. The reclassifications have no effect on the increase in net assets for the year ended June 30, 2013 and previously reported cash flow information.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 1 — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

Financial Instruments

The organization's financial instruments consist of cash and cash equivalents, pledges, grants and other receivables, accounts payable and accrued expenses, due to designated agencies and long-term debt. These financial instruments are stated at cost, which approximates fair value.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include all monies in banks and highly liquid investments with initial maturity dates of three months or less.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Grants Receivables and Other Receivables

The Organization considers all grants receivable and other receivables to be fully collectable. Therefore, no allowance for doubtful accounts is reflected on the financial statements.

Investments

Investments consist of stocks and bonds which are stated at fair value. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives ranging from five to fifty years.

Deferred Revenue

Revenue received in advance from grants and contracts is deferred and recognized in the period in which the services are rendered.

Fiduciary Liability to Other Organizations

The Organization acts as the fiscal agent for certain non-profit organization, and recognizes a payable for the cash held for the benefit of the other organizations. As of June 30, 2014 and 2013, the payable to other non-profits totaled \$482,907 and \$513,557 respectively, which is included in cash and funds held in trust.

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 1 — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

Pledges Due to Designated Agencies

The Organization honors donor designations to other nonprofit agencies. The agency must be an active 501(c)(3) organization and comply with the Patriot Act. The Organization, in its capacity as Principal Combined Fund Organization "PCFO", honors donor designations made to organizations in the CFC campaign by distributing a proportionate share of receipts based on donor designation.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor Designations

Donor designations come from two primary sources. First, donors to the regular annual campaign may designate all or part of their contributions to specific agencies. Second, the Combined Federal Campaign is based entirely on donor designations according to the rules of the campaign.

Donors to the campaign may designate all or part of their contributions to specific agencies. In accordance with accounting standards, these specified designations are not considered to be part of the allocations to agencies and are deducted from the current campaign results. The amounts of donor designations to specified agencies that remain unpaid at year end are included in the statement of financial position as due to designated agencies.

Designation Service/Admin Fees

The Organization receives designation service and administration fees from two primary sources. The Organization receives designation services fees from the Combined Federal Campaign which were \$110,520 and \$124,216 for the years ended June 30, 2014 and 2013 respectively. The Organization receives service fees for the administration of grants and serving as fiscal agent for three non-profit organizations: Building Healthy Communities, Fresno First Steps and San Joaquin Valley Workforce Funder's Collaborative. Service fees were \$56,445 and \$54,649 for the years ended June 30, 2014 and 2013 respectively. As the fiscal agent, UWFC holds cash for these non-profit organizations, and recognizes a payable. As of June 30, 2014 and 2013, the payable to other non-profits totaled \$482,907 and \$513,557 respectively, which is included in cash and funds held in trust.

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 1 — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2014 and 2013 were \$100 and \$ 6,012 respectively, and are included in printing and publications expenses.

Tax Exempt Status

United Way of Fresno County is exempt from income tax under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Regulation Section 23701(d). Thus, no provision is made for current or deferred income taxes.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed. The exempt organization tax returns are filed in U.S. federal and state of California jurisdictions. There are currently no tax years under examination.

Donated Services and Supplies

Certain donated supplies, costs, and use of facilities are recorded as support and expenses at their estimated fair value. Volunteer services that do not create or enhance non-financial assets, or require specialized skills, are not recognized as support in the accompanying consolidated statements of activities.

Management's Review of Subsequent Events

Management has evaluated subsequent events through January 22, 2016 (the date the financial statements were available to be issued).

**NOTE 2 — CASH AND CASH EQUIVALENTS CONCENTRATIONS**

UWFC maintains cash and cash equivalents at several financial institutions located in Fresno, California, deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At June 30, 2014, the organization's uninsured cash balance totaled \$449,292. At June 30, 2013 the Organization did not have any account balances in excess of the FDIC limits.

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**NOTE 3 — PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2014 and 2013 are as follows:

	2014	2013
Pledges receivable within one year	\$ 901,182	\$ 1,090,946
Allowance for pledges receivable	(167,461)	(177,359)
Pledges receivable, net	\$ 733,721	\$ 913,587

Credit Risk

United Way of Fresno County's ability to collect the amounts due from donors may be affected by economic fluctuations within the Fresno County economy.

**NOTE 4 — PROPERTY AND EQUIPMENT**

Property and equipment are summarized below as of June 30, 2014 and 2013:

	2014	2013
Land and buildings	\$ 1,473,889	\$ 1,473,889
Computer equipment	142,067	142,067
Furniture and other equipment	72,418	72,418
	1,688,374	1,688,374
Accumulated depreciation and amortization	(476,028)	(443,676)
Total property and equipment, net	\$ 1,212,346	\$ 1,244,698

**NOTE 5 — BOARD DESIGNATED INVESTMENTS**

In February 2011, the Board of Directors of United Way of Fresno County directed the creation of a \$50,000 investment account with the Fresno Regional Foundation (The Foundation). The primary purpose of the fund is to provide support to the United Way of Fresno County to carry out its role, mission and charitable work. The account is managed by The Foundation, and is invested in a diversified portfolio of common stocks and bonds with an objective of an 8% return on investment; actual returns may vary from this amount. The Board has elected to reinvest the earnings and allow the fund to grow. United Way of Fresno County reserves the right to withdraw all of the funds and all accumulated earnings, less any fees, from the Foundation provided that a minimum of two-thirds of the Board of directors vote to withdraw the funds.

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

**NOTE 5 — BOARD DESIGNATED INVESTMENTS (Continued)**

The changes in the investment account are as follows:

	2014	2013
Interest and dividends	\$ 3,130	\$ 1,859
Realized gain (loss)	1,425	1,803
Unrealized gains	7,340	1,058
Investment expenses	(962)	(705)
Net investment income	\$ 10,933	\$ 4,015

**NOTE 6 — FAIR VALUE MEASUREMENTS**

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and June 30, 2013.

*Mutual funds:* Valued at the quoted net asset value of the shares held at year end.

*Money market accounts:* Valued at cost, which approximates fair value.

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

The following table sets forth by level, within the fair value hierarchy, the UWFC's assets as of June 30, 2014 and 2013:

	<b>2014</b>			
	Fair Value	Level 1	Level 2	Level 3
Board Designated Investments:				
Stocks	\$ 39,037	\$ 39,037	-	-
Bonds	26,025	-	\$ 26,025	-
	\$ 65,062	\$ 39,037	\$ 26,025	\$ -

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

**NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)**

	<b>2013</b>			
	Fair Value	Level 1	Level 2	Level 3
Board Designated Investments:				
Stocks	\$ 32,477	\$ 32,477	\$ -	\$ -
Bonds	\$ 21,652	-	\$ 21,652	\$ -
	\$ 54,129	\$ 32,477	\$ 21,652	\$ -

There were no changes in the valuation techniques during the current year.

**NOTE 7 — OTHER ASSET — TIME SHARE**

Other asset consists of a time-share of an undivided 1/2907<sup>th</sup> interest in Harbor Town Point Marina Resort in Ventura County, which was donated to the Organization in December, 2001, with an estimated fair value of \$4,750.

**NOTE 8 — INVESTMENT IN FRESNO FUND I, LLC**

Fresno Fund I, LLC (FFI) is a single member limited liability company wholly-owned by United Way of Fresno County. FFI was formed in June 2005, as a Delaware LLC and is subject to annual LLC fees in the state of Delaware and annual minimum tax and gross receipt fees in the state of California.

Fresno Fund I was capitalized on July 22, 2005 by United Way through the contribution of life insurance policies with an aggregate face value of approximately \$200,000,000 and a cost basis of zero as of July 22, 2005. The life insurance policies are all on the lives of supporters of UWFC and affiliated charities.

Effective July 22, 2005 FFI entered into a Capital Contribution Agreement with Charity Funding I, LLC (CFI) in which FFI contributed 100% of its right, title and interest in the life insurance policies in exchange for a 49% member interest in CFI. Since FFI had not incurred any costs associated with acquiring these life insurance policies, this investment had a cost basis of zero.

UWFC, FFI and CFI entered into an engagement agreement with Charity Capital, L.P. on August 24, 2006 granting them exclusive right to obtain financing for the life insurance policies which would pay the premiums and any administrative costs for this life insurance based fundraising program. Charity Capital, L.P. obtained the financing. The loan agreement provided for borrowings of \$87,150,000 which are to be used 1) to pay all transaction expenses relating to the issuance of the notes, 2) to pay premiums on the life insurance contracts, 3) to fund the Restricted Collateral Accounts and the Equity Reserve Account, and 4) to make a distribution to the members which are wholly owned by the Charities on CFI's membership interests. The loan bears interest at a fixed rate of 5.69% under the terms of a related interest rate swap agreement. Payment of principal and interest are due on a semi-annual basis and the loan matured on July 22, 2015. Under the terms of the loan agreement and indenture agreement, the life insurance policies were pledged as collateral for the loan along with all unexpended monies from the financing held by the Trustee, with no recourse to CFI or its members. The policies were assigned and delivered to the Trustee, Wells Fargo Bank. The Trustee administers the proceeds from the financing, disburses the premium

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

---

**NOTE 8 — INVESTMENT IN FRESNO FUND I, LLC (Continued)**

payments, administrative expenses and debt service payments and submits the claims and collects the proceeds from all matured policies.

Under the terms of the loan and indenture agreements, FFI and CFI effectively surrendered control over the assets, liabilities and the operations of CFI. In the event the loan is unable to be refinanced, management believes that FFI has no obligation for repayment of the note, or to provide any additional capital or financing under the agreements. Management further believes that there is no significant risk of loss other than the life insurance policies which have a zero cost basis. As a result management has accounted for FFI's investment in CFI on the cost basis.

The fair value of the investment in CFI has not been determined because it is not practicable to estimate the fair value. There was no investment income received by FFI from CFI during the years ended June 30 2014 and 2013.

**NOTE 9 — LINE OF CREDIT**

UWFC has a business loan agreement with Central Valley Community Bank (CVCB) which provides for borrowings up to \$50,000. Interest is payable monthly at the CVCB prime rate plus 2.75% per annum, with a minimum rate of 5.50%. The line of credit matures October 25, 2016. There were no borrowings outstanding under the agreement at June 30, 2014. The debt is secured by a deed of trust.

Subsequent to year end, approximately \$32,000 was drawn on the line of credit and is currently outstanding.

**NOTE 10 — LONG-TERM DEBT**

	2014	2013
Note payable to Central Valley Community Bank, due in monthly payments of \$6,493 including interest at 6.50%, based on the 10-year treasury note yield rate plus 3.00%, adjusted every five years starting March 2016. All due in June 2031, secured by a deed of trust on the building.	\$ 800,819	\$ 816,619
Less – current portion	(17,832)	(16,980)
Long-term debt, net of current portion	\$ 782,987	\$ 799,639

Future scheduled maturities of long-term debt are as follows:

<u>Years ending June 30:</u>	
2015	\$ 17,832
2016	18,789
2017	19,800
2018	20,864
2019	21,986
Thereafter	701,548
	<b>\$ 800,819</b>



**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

---

**NOTE 11 — SELF FUNDED UNEMPLOYMENT INSURANCE**

UWFC has been self-funded for California State Unemployment Insurance and has an agreement with Unemployment Services Trust (UST) to hold the funds and pay claims as received. UWFC funds potential claims through quarterly deposits to UST based on a percentage of payroll. The deposit funds held by UST totaled \$39,739, at June 30, 2014. Unemployment claims are expensed as paid.

**NOTE 12 — COMMITMENTS AND CONTINGENCIES**

**OPERATING LEASES**

The Organization leases a digital copier under a non-cancelable operating lease which terminates June 30, 2016. The organization also leases a mailing machine under a non-cancelable operating lease which terminated April 2014. The lease payments plus supplies charges are expensed as incurred. Total expense for the years ended June 30, 2014 and 2013 was \$9,775 and \$21,108 respectively.

The future minimum lease payments under the non-cancelable operating leases are as follows:

<u>Years ending June 30,</u>	
2015	2,521
2016	<u>2,521</u>
	<u><b>\$ 5,042</b></u>

**NOTE 13 — TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Spark Point Fresno	\$ 14,481	\$ 32,710
211	85,494	
VITA/Earned Income Tax Credit program	68,156	62,390
Women's Initiative	5,638	7,612
Adopt a Family		990
Toys for Tots Grant		17,985
Day of Caring Grant	4,697	
Wrap-Up-A-Wish	529	530
	<u><b>\$ 178,995</b></u>	<u><b>\$ 122,217</b></u>

**UNITED WAY OF FRESNO COUNTY**  
**(A Non-profit Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

---

**NOTE 13 — TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or expiration of time are as follows:

	2014
Spark Point Fresno	\$ 38,229
211 Service	239,853
VITA/Earned Income Tax Credit program	83,234
Women's Initiative	2,000
Day of Caring	195
Toys for Tots Grant	84,052
Adopt a Family	1,660
	<b>\$ 449,223</b>

**NOTE 14 — RETIREMENT PLAN**

United Way of Fresno County sponsors a 403(b) thrift plan covering substantially all employees who have two years of service, and are over 21 years of age, but not over 65 years of age. Retirement plan expense for the years ended June 30, 2014, and 2013, was \$40,591 and \$3,713, respectively. These amounts are included in employee benefits expense.

Employees may elect to have a portion of their salary deferred, and contributed to the plan. UWFC may elect to make a contribution to the plan after two years of employment. Discretionary contributions are allocated based on compensation. All employee and employer contributions to the plan are 100% vested immediately.

**NOTE 15 — RELATED PARTY TRANSACTIONS**

Fees for services provided by United Way Worldwide (the International Organization) totaled \$20,576 and \$20,187 for the years ended June 30, 2014 and 2013, respectively.