

**LYCOMING COUNTY UNITED WAY, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2015 AND 2014

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Lycoming County United Way, Inc.  
Williamsport, Pennsylvania:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Lycoming County United Way, Inc. (a Pennsylvania nonprofit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows 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 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.

**Auditors' 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 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 auditors' 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 Lycoming County United Way, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Larson, Kellett & Associates, P.C.*

Montoursville, Pennsylvania  
November 24, 2015

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents:		
Deposits with financial institutions	\$ 568,488	\$ 583,300
Petty cash	<u>350</u>	<u>350</u>
Total cash and cash equivalents	568,838	583,650
Pledges receivable, net	384,723	397,796
Bequest receivable		237,018
Prepaid expense	2,646	2,278
Investments	1,363,372	1,085,986
Beneficial interest in assets held by First Community Foundation of Pennsylvania	422,346	442,326
Equipment and furniture and fixtures, net	<u>18,316</u>	<u>17,130</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,760,241</u></b>	<b><u>\$2,766,184</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable		\$ 4,475
Accrued payroll and payroll taxes withheld	\$ 10,305	8,800
Donor designations payable	13,120	28,774
Obligation under capital lease	<u>7,529</u>	<u>1,805</u>
Total liabilities	<u>30,954</u>	<u>43,854</u>
NET ASSETS:		
Unrestricted:		
Undesignated	2,261,022	2,297,506
Board designated:		
Community Building Panel	68,807	75,807
Exclusive use of Lycoming County United Way, Inc.	<u>79,611</u>	<u>79,611</u>
Total unrestricted	2,409,440	2,452,924
Temporarily restricted	85,695	35,254
Permanently restricted	<u>234,152</u>	<u>234,152</u>
Total net assets	<u>2,729,287</u>	<u>2,722,330</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$2,760,241</u></b>	<b><u>\$2,766,184</u></b>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>		
Campaign revenue applicable to current year:		
Contributions received - current year	\$ 1,416,529	\$ 1,431,481
Contributions received in prior year (released from restriction)	35,254	96,597
Less provision for uncollectible pledges	<u>(34,199)</u>	<u>(69,547)</u>
Total campaign revenue applicable to current year	1,417,584	1,458,531
Federal and state grants	154,222	152,006
Program fees	14,598	16,177
Investment return	9,716	228,544
Donated goods and services	198,311	21,801
Legacies and gifts		1,962
Reimbursed expenses	<u>3,209</u>	<u>30</u>
Total revenues, gains and other support	<u>1,797,640</u>	<u>1,879,051</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES:</b>		
Program services:		
Agency allocations	986,762	1,018,391
Funds distribution	64,898	64,155
Community problem solving services	47,682	40,322
Other allocations and grants	15,317	4,271
Federal and state grants	148,676	148,676
Marketing/communications	<u>22,378</u>	<u>22,124</u>
Total program services	<u>1,285,713</u>	<u>1,297,939</u>
Supporting services:		
Management and general	119,993	119,335
Grant fund administration	8,263	8,104
Fund raising	410,151	203,737
CFC/SECA fund raising	<u>17,004</u>	<u>16,813</u>
Total supporting services	<u>555,411</u>	<u>347,989</u>
Total allocations and other functional expenses	<u>1,841,124</u>	<u>1,645,928</u>
Increase (decrease) in unrestricted net assets	<u>(43,484)</u>	<u>233,123</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Campaign revenue applicable to next allocation year:		
Pledges received - next allocation year	85,695	35,254
Contributions received in prior year (released from restriction)	<u>(35,254)</u>	<u>(96,597)</u>
Increase (decrease) in temporarily restricted net assets	<u>50,441</u>	<u>(61,343)</u>
<b>INCREASE IN NET ASSETS</b>	6,957	171,780
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,722,330</u>	<u>2,550,550</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,729,287</u>	<u>\$ 2,722,330</u>

See Notes to Financial Statements

LYCOMING COUNTY UNITED WAY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	AGENCY ALLOCATIONS	FUNDS DISTRIBUTION	COMMUNITY PROBLEM SOLVING SERVICES	OTHER ALLOCATIONS AND GRANTS	FEDERAL AND STATE GRANTS	MARKETING/ COMMUNICATIONS	TOTAL PROGRAM SERVICES
Allocations to agencies	\$986,762	\$	\$	\$15,317	\$148,676	\$	\$1,150,755
Community and agency services provided by the United Way:							
Salaries		35,576	22,082			12,268	69,926
Employee benefits		10,844	6,731			3,739	21,314
Payroll taxes		3,114	1,932			1,074	6,120
Total personnel		49,534	30,745			17,081	97,360
Professional fees		2,319	1,439			800	4,558
Materials and supplies		750	466			259	1,475
Telephone		803	499			277	1,579
Postage and shipping		689	428			238	1,355
Occupancy		3,739	2,321			1,289	7,349
Rental and maintenance of equipment		261	162			90	513
Printing and publications		1,842	1,143			634	3,619
Local staff travel		233	144			80	457
Local meetings and conferences		515	319			177	1,011
Membership dues		72	45			25	142
Miscellaneous		1,095	680			378	2,153
Interest		14	9			5	28
National and state dues							
Liability insurance							
Trustee fees		1,782	1,106			614	3,502
Board designated funds			7,400				7,400
Depreciation		821	509			283	1,613
Credit card fees		378	235			130	743
Loss on disposal of equipment and furniture and fixtures			32			18	101
Special events							
In-kind expenses							
Total other		15,364	16,937			5,297	37,598
TOTAL	\$986,762	\$ 64,898	\$ 47,682	\$ 15,317	\$ 148,676	\$ 22,378	\$ 1,285,713

LYCOMING COUNTY UNITED WAY, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	GRANT		TOTAL			COMBINED TOTAL 2014
	MANAGEMENT AND GENERAL	FUND ADMINISTRATION	FUND RAISING	CFC/SECA FUND RAISING	SUPPORTING SERVICES	
	\$	\$	\$	\$	\$	\$
Allocations to agencies						<u>\$ 1,150,755</u>
Community and agency services provided by the United Way:						
Salaries	53,977	4,662	107,464	9,323	175,426	238,106
Employee benefits	16,454	1,421	32,758	2,842	53,475	60,069
Payroll taxes	4,725	408	9,406	816	15,355	21,955
Total personnel	<u>75,156</u>	<u>6,491</u>	<u>149,628</u>	<u>12,981</u>	<u>244,256</u>	<u>320,130</u>
Professional fees	3,519	304	7,006	608	11,437	19,631
Materials and supplies	1,139	98	2,267	196	3,700	4,549
Telephone	1,218	105	2,426	210	3,959	4,531
Postage and shipping	1,046	90	2,082	180	3,398	2,755
Occupancy	5,674	490	11,296	980	18,440	27,406
Rental and maintenance of equipment	396	34	788	68	1,286	2,335
Printing and publications	2,793	30	5,802	482	9,077	15,952
Local staff travel	353	67	703	61	1,147	1,476
Local meetings and conferences	781	10	1,554	135	2,537	5,956
Membership dues	110	10	219	19	358	250
Miscellaneous	1,662	144	3,308	287	5,401	8,564
Interest	21	2	42	3	68	337
National and state dues	19,943				19,943	20,414
Liability insurance	1,582				1,582	1,582
Trustee fees	2,703	234	5,382	467	8,786	10,792
Board designated funds						500
Depreciation	1,245	108	2,479	215	4,047	6,934
Credit card fees	574	49	1,142	99	1,864	2,925
Loss on disposal of equipment and furniture and fixtures	78	7	154	13	252	353
Special events			22,778		22,778	9,637
In-kind expenses			191,095		191,095	7,934
Total other	<u>44,837</u>	<u>1,772</u>	<u>260,523</u>	<u>4,023</u>	<u>311,155</u>	<u>154,460</u>
TOTAL	<u>\$ 119,993</u>	<u>\$ 8,263</u>	<u>\$ 410,151</u>	<u>\$ 17,004</u>	<u>\$ 555,411</u>	<u>\$ 1,645,928</u>



**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 6,957	\$ 171,780
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,660	6,934
Investment loss (gain)	14,195	(139,975)
Provision for uncollectible pledges	(34,199)	(69,547)
Loss on disposal of equipment and furniture and fixtures	353	
Change in:		
Pledges receivable, net	47,272	84,633
Bequest receivable	237,018	(1,962)
Prepaid expense	(368)	3,490
Accounts payable	(4,475)	(84)
Accrued payroll and payroll taxes withheld	1,505	1,038
Allocations payable to designated agencies		(1,867)
Donor designations payable	<u>(15,654)</u>	<u>(496)</u>
 Net cash provided by operating activities	 <u>258,264</u>	 <u>53,944</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(414,842)	(360,596)
Purchase of equipment and furniture and fixtures	(225)	(3,467)
Proceeds from sale of investments	123,261	256,702
Proceeds from sale of equipment and furniture and fixtures	555	
Increase (decrease) in beneficial interest in assets held by First Community Foundation of Pennsylvania	<u>19,980</u>	<u>(72,355)</u>
 Net cash used by investing activities	 <u>(271,271)</u>	 <u>(179,716)</u>
<b>CASH USED BY FINANCING ACTIVITIES,</b>		
Repayment of obligation under capital lease	<u>(1,805)</u>	<u>(1,947)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (14,812)	 (127,719)
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>583,650</u>	 <u>711,369</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u>\$ 568,838</u>	 <u>\$ 583,650</u>

See Notes to Financial Statements

**1. GENERAL:**

Lycoming County United Way, Inc. (Organization) was organized as a nonprofit organization for the purpose of raising funds to distribute to charitable organizations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting**

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

**Contributions**

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily-restricted or permanently-restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

**Promises to Give/Pledges**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**Bequest Receivable**

The Organization is the beneficiary under various wills and trust agreements. Amounts are recorded as receivable when a will is declared valid by a probate court and the proceeds are measurable. At June 30, 2015 there was no bequest receivable. At June 30, 2014 bequest receivable totaled \$237,018.

**Investments**

Investments in marketable securities with readily determinable fair values, investments in debt securities and certificates of deposit are valued at their fair value in the statements of financial position. Unrealized gains and losses are included as increases or decreases in net assets. See Note 6 for a discussion on fair value measurements.

**LYCOMING COUNTY UNITED WAY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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For purposes of determining realized gain or loss on sale, the cost of securities sold is determined by using the specific identification method.

**Pledges Receivable and Uncollectible Pledges**

Pledges receivable are stated net of an allowance for uncollectible pledges which was \$113,507 and \$130,974 at June 30, 2015 and 2014, respectively. Pledges receivable are written off against the allowance account when they are deemed to be uncollectible. The allowance account is revised periodically based upon a review of its adequacy by the Organization's management.

**Equipment and Furniture and Fixtures and Depreciation**

Equipment and furniture and fixtures purchases are stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation of equipment and furniture and fixtures is provided using the straight-line method over the estimated useful lives of the assets.

**Donated Goods and Services**

The Organization recognizes donated goods and services as contributions in the accompanying statements of activities at their estimated value at the date of receipt. Donated goods and services recorded totaled \$198,311 and 21,801 at June 30, 2015 and 2014, respectively. Donated goods and services consist primarily of advertising services, the use of occupancy spaces, and campaign supplies. Additionally, a substantial number of volunteers have donated significant amounts of their time providing the Organization's services, where no value has been determined.

**Leasing**

The Organization leases office space and parking spaces under an operating lease arrangement.

The Organization leases a copier under a capital lease arrangement (See Note 10).

**Functional Expenses**

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time for the related activities.

**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 regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates.

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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A material estimate that is susceptible to significant change relates to the determination of the adequacy of the allowance for uncollectible pledges. Management believes that the allowance for uncollectible pledges is adequate. While management uses available information to determine the allowance, changes in economic conditions may require revisions of the estimate in future years.

**Fair Value of Financial Instruments**

The Organization's financial instruments consist of cash and cash equivalents, pledges receivable, bequest receivable, investments, and accounts payable. The carrying value of these financial instruments approximate their fair value at June 30, 2015 and 2014.

**Income Taxes**

The Organization is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2015 and 2014.

The Organization's federal Return of Organization Exempt from Income Tax for 2014, 2013, and 2012 remain subject to examination by the Internal Revenue Service.

**Cash Flows**

For purposes of the statements of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**3. PLEDGES RECEIVABLE:**

Pledges receivable consisted of the following unconditional promises to give as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year:		
Prior campaigns	\$ 41,895	\$ 53,960
Current year campaign	<u>456,335</u>	<u>474,810</u>
Gross unconditional pledges	498,230	528,770
Less allowance for uncollectible pledges	<u>113,507</u>	<u>130,974</u>
Pledges receivable, net	<u>\$384,723</u>	<u>\$397,796</u>

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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**4. INVESTMENTS:**

Investments at fair value by major category consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual funds:		
Fixed income	\$ 278,499	\$ 198,300
Equity	529,247	502,788
International	487,520	362,276
Real estate	<u>68,106</u>	<u>22,622</u>
Total	<u>\$1,363,372</u>	<u>\$1,085,986</u>

The following schedule summarizes the investment return in the statements of activities:

	<u>2015</u>	<u>2014</u>
<u>Unrestricted</u>		
Interest and dividends	\$ 25,342	\$ 17,070
Increase (decrease) in beneficial interest in assets held by First Community Foundation of Pennsylvania	(1,431)	71,499
Net realized and unrealized gain (loss) on investments	<u>(14,195)</u>	<u>139,975</u>
Total investment return	<u>\$ 9,716</u>	<u>\$228,544</u>

**5. BENEFICIAL INTEREST IN ASSETS HELD BY  
 FIRST COMMUNITY FOUNDATION OF PENNSYLVANIA:**

The Organization transferred permanently restricted net assets and donor contributed funds to the First Community Foundation of Pennsylvania (Foundation). The Foundation maintains and administers these funds solely for the benefit of the Organization; however, the Foundation has been granted variance power to modify any restriction on these funds.

The Foundation is required to distribute annually all or part of the income earned on these funds as the Foundation deems reasonable and proper, after consultation with the Organization. Principal may be distributed upon request by the Organization, approval by the Foundation and in accordance with the donor's original restrictions.

The cumulative amount recognized in the statements of financial position as beneficial interest in assets held by the Foundation totaled \$422,346 and \$442,326 at June 30, 2015 and 2014, respectively, as valued by the Foundation.

**6. FAIR VALUE MEASUREMENTS:**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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III measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Board Accounting Standards Codification No. 820 are described as follows:

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

Level II: Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

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

*Beneficial interest in assets held by others:* Fair value as determined by the custodian.

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 the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 278,499			\$ 278,499
Equity	529,247			529,247
International	487,520			487,520

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Real estate	\$ 68,106			\$ 68,106
Beneficial interest in assets held by First Community Foundation of Pennsylvania			\$422,346	422,346
Total	<u>\$1,363,372</u>	<u>\$</u>	<u>\$422,346</u>	<u>\$1,785,718</u>

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

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 198,300			\$ 198,300
Equity	502,788			502,788
International	362,276			362,276
Real Estate	22,622			22,622
Beneficial interest in assets held by First Community Foundation of Pennsylvania			\$442,326	442,326
Total	<u>\$1,085,986</u>	<u>\$</u>	<u>\$442,326</u>	<u>\$1,528,312</u>

Change in fair value measurements for Level III financial assets for the years ended June 30, 2015 and 2014, are summarized as follows:

	<u>2015</u>	<u>2014</u>
Beginning of year	\$442,326	\$369,971
Purchases		5,525
Settlements	(13,644)	
Investment return, net	<u>( 6,336)</u>	<u>66,830</u>
End of year	<u>\$422,346</u>	<u>\$442,326</u>

**7. EQUIPMENT AND FURNITURE AND FIXTURES:**

Equipment and furniture and fixtures at June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Equipment	\$42,495	\$43,013
Furniture and fixtures	<u>5,771</u>	<u>10,330</u>
Total	48,266	53,343
Less accumulated depreciation	<u>29,950</u>	<u>36,213</u>
Equipment and furniture and fixtures	<u>\$18,316</u>	<u>\$17,130</u>

Depreciation expense included in the statements of functional expenses amounted to \$5,660 and \$6,934 for the years ended June 30, 2015 and 2014, respectively.

**LYCOMING COUNTY UNITED WAY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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**8. RESTRICTIONS ON NET ASSETS:**

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support allocations or general operations.

Net assets in the amount of \$35,254 and \$96,598 were released from restrictions by time restrictions expiring for net campaign pledges received for the years ended June 30, 2015 and 2014, respectively.

**9. EMPLOYEE BENEFIT PLAN:**

The Organization maintains a tax deferred annuity benefit plan covering all eligible employees. Contributions to the plan amounted to \$24,426 and \$20,314 for the years ended June 30, 2015 and 2014, respectively.

**10. OBLIGATION UNDER CAPITAL LEASE:**

The Organization leases a copier under the terms of a capital lease expiring in 2020. The asset and liability under capital lease are recorded at the fair value of the asset. The asset is included in equipment and furniture and fixtures in the accompanying statements of financial position and is depreciated over its estimated useful life.

There was no accumulated depreciation related to equipment acquired under capital lease at June 30, 2015.

The following summarizes the required future annual minimum lease payments under the capital lease together with the present value of the net minimum lease payments.

2016	\$1,979
2017	1,979
2018	1,979
2019	1,979
2020	<u>1,979</u>
Total	9,895
Less amounts representing interest	<u>2,366</u>
Present value of net minimum lease payments	<u>\$7,529</u>

The interest rate on the capital lease is 11.92% and is imputed based on the lessor's implicit rate of return.

**11. CONCENTRATION OF CREDIT RISK:**

The Organization has concentrated its credit risk for cash by maintaining deposits in three financial institutions. The maximum loss that would result from that risk at June 30, 2015 and 2014 totaled \$311,749 and \$377,167 for the excess of the deposit liabilities reported by the institutions over the amounts that are insured by the Federal Deposit Insurance Corporation.



**12. CONTINGENT LIABILITY - GRANTS:**

The Organization receives grants from federal, state and local governments. Subsequent audits may disallow expenditures financed by governmental grant programs. It is the opinion of management that requests for reimbursement, if any, by either the federal, state, or local government based on subsequent audits will not be material in relation to the Organization's financial statements as of June 30, 2015.

**13. SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES:**

During the years ended June 30 2015 and 2014, the Organization received investments totaling \$3,827 and \$10,702, respectively, in payment of outstanding pledges receivable.

During the years ended June 30, 2015 and 2014, the Organization paid interest of \$96 and \$337, respectively.

During the year ended June 30, 2015, the Organization entered into a capital lease obligation to purchase a copier in the amount of \$7,529.

**14. SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through November 24, 2015, which is the date the financial statements were available to be issued.