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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the United Way of Cecil County, Inc.
Elkton, Maryland 21921

We have audited the accompanying financial statements of the United Way of Cecil County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the

Management's Responsibility of 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Cecil County, Inc. as of June 30, 2017 and 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of overhead on page 8 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

Thomas C. Jones, CPA

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Elkton, Maryland
October 11, 2017

United Way of Cecil County, Inc.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 86,063	\$ 112,732
Property & Equipment	28,510	28,509
Less Accumulated Depreciation	<u>(25,051)</u>	<u>(24,889)</u>
Total Net Property & Equipment	3,459	3,621
Pledges Receivable--Undesignated	111,690	147,281
Allowance for Uncollectible Pledges	<u>(11,169)</u>	<u>(6,699)</u>
Total Net Pledges Receivable	<u>100,521</u>	<u>140,582</u>
TOTAL ASSETS	<u>\$ 190,043</u>	<u>\$ 256,935</u>
LIABILITIES		
Current Liabilities		
Payroll Liabilities	\$ 1,592	\$ 1,183
Unpaid Allocations to Member Agencies	61,150	70,000
Unpaid Designations-Combined Federated	10,015	7,917
Unpaid Donor Designations	<u>3,559</u>	<u>3,935</u>
Total Current Liabilities	76,316	83,035
Net Assets		
Unrestricted	100,153	162,048
Temporarily Restricted	<u>13,574</u>	<u>11,852</u>
Total Net Assets	113,727	173,900
TOTAL LIABILITIES & EQUITY	<u>\$ 190,043</u>	<u>\$ 256,935</u>

See accompanying notes and
accountant's audit report

United Way of Cecil County, Inc.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
Campaign Income	\$ 224,526	\$ 260,441
Administrative Fees	-	1,007
Investment Income	771	88
TOTAL UNRESTRICTED NET ASSETS	\$ 225,297	\$ 261,536
 EXPENSES		
Program Services	\$ 218,199	\$ 205,317
Fundraising Expenses	40,913	33,933
Support Services	28,080	26,069
Total Expenses	\$ 287,192	\$ 265,319
Increase/Decrease in Unrestricted Net Assets	<u>(61,895)</u>	<u>(3,783)</u>
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Net Assets Released from Donor Restrictions	(11,852)	(10,618)
Donor Advised	13,574	11,852
TOTAL INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>1,722</u>	<u>1,234</u>
 INCREASE (DECREASE) IN NET ASSETS	(60,173)	(2,549)
 Net Assets as of 7/1	\$ 173,900	\$ 176,449
Net Assets as of 6/30	\$ 113,727	\$ 173,900

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United Way of Cecil County, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Program Services	Support Services	Fundraising Expense	2017 Total	2016
Compensation & Related Expenses:					
Wages	\$ 20,109	\$ 6,866	\$ 22,071	\$ 49,046	\$ 47,612
Employee Benefits	2,799	956	3,073	6,828	4,340
Payroll Taxes	1,750	598	1,922	4,270	3,906
	<u>24,658</u>	<u>8,420</u>	<u>27,066</u>	<u>60,144</u>	<u>55,858</u>
Allocations	119,800	-	-	119,800	140,000
Combined Federated Contributions	11,129	-	-	11,129	10,399
Donor Designations	6,797	-	-	6,797	9,000
Bad Debt	46,150	-	-	46,150	16,246
Bank Service Charges	-	725	-	725	693
Community Impact	4,874	-	-	4,874	2,000
Campaign Expense	-	-	12,999	12,999	8,163
Depreciation	-	163	-	163	247
Dues and Subscriptions	4,791	2,255	-	7,046	7,015
Liability Insurance	-	1,140	-	1,140	1,140
Meeting Expense	-	1,389	-	1,389	-
Professional Development	-	123	-	123	200
Office Expense	-	1,020	-	1,020	930
Postage & Delivery	-	254	-	254	373
Professional Fees	-	3,000	-	3,000	3,000
Rent	-	7,200	-	7,200	7,200
Telephone	-	2,068	-	2,068	1,888
Travel Expenses	-	-	848	848	634
Worker's Compensation	-	323	-	323	333
TOTAL FUNCTIONAL EXPENSES	<u>\$ 218,199</u>	<u>\$ 28,080</u>	<u>\$ 40,913</u>	<u>\$ 287,192</u>	<u>\$ 265,319</u>

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United Way of Cecil County, Inc.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

<u>Statement of Cash Flows</u>	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Campaign Pledges	\$ 178,702	\$ 239,694
Administrative Fees	0	1,007
Cash Paid to Suppliers and Employees	(206,142)	(269,280)
Interest Received	771	88
Net Cash Provided by Operating Activities	<u>\$ (26,669)</u>	<u>\$ (28,491)</u>
Cash Flows from Investing Activities		
Net Increase or (Decrease) in Cash	(26,669)	(28,491)
CASH AS OF 7/1	<u>112,732</u>	<u>141,223</u>
CASH AS OF 6/30	<u>\$ 86,063</u>	<u>\$ 112,732</u>
 <u>Statement of Cash Flows</u>	 <u>2017</u>	 <u>2016</u>
Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ (60,173)	\$ (2,549)
Adjustments to Reconcile Changes in Net Assets to Net Cash provided by Operating Activities		
Depreciation and Amortization	163	247
(Increase) or Decrease in		
Increase/ Decrease in Pledges Receivable	35,590	(21,981)
Increase or (Decrease) in		
Accounts Payable - Donor Designations	(376)	(1,073)
Accounts Payable - Donor Designations-CFC	2,098	2,307
Unpaid Allocations	(8,850)	(5,500)
Payroll Liabilities	409	(375)
Provision for Uncollectible Pledges	4,470	433
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (26,669)</u>	<u>\$ (28,491)</u>

United Way of Cecil County, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE A – NATURE OF ACTIVITIES

The United Way of Cecil County, Inc. was organized as a non-profit organization to benefit and distribute funds to charitable organizations in Cecil County. The United Way of Cecil County conducts an annual campaign fund drive that raises proceeds net of administrative costs and allowances for the benefit of the local community. The organization also receives revenues from individual donors and businesses.

The mission of the United Way of Cecil County (UWCC) is to advance the county's health and human services agenda by expanding resources and applying them effectively to build a better more self-sufficient community. In support of this mission, UWCC seeks to increase the organized capacity of people to care for one another. The programs that we fund are focused on achieving outcomes in the three specific areas determined to be essential in improving people's lives and strengthening our community: 1)Successful Children and Families - Our goal is to help children and families to succeed by: a) Offering children a safe place to play and learn after school b)Providing support and education for parents c)Increasing availability to mental health counseling 2)Health and Wellness - Our goal is to promote health and wellness by: a)Increasing health education and preventive care b)Supporting nutritional and physical activity programs 3)Independent Living - Our goal is to provide new and increased services to promote independent living through: a)Transportation assistance programs b)Housing assistance for adults in transition c)Life skills training

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way of Cecil County, Inc. and changes therein are classified as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the United Way of Cecil County, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

United Way of Cecil County, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

The Organization has also adopted FASB Accounting Standards Codification for amounts designated by donors for specific agencies or other United Ways are not to be treated as contributions and are to be excluded from revenue. Accordingly, the Organization recognizes a liability to the specified beneficiary when it recognizes assets received from the donor. The current year liability of \$3,559 represents amounts unpaid from donor designations after deducting an administrative fee. The United Way participates in the Combined Federal Campaign. The Federation honors designations made to its members. The combined federated contributions were \$10,015 in 2017.

Cash Equivalents

Cash equivalents consist of short-term highly liquid investments which are readily convertible into cash within 90 days of purchase.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible pledges. The allowance for uncollectible pledges is based on the Organization's average collections as a percentage of the amounts pledged over the previous four years.

Property and Equipment

Furniture and equipment are carried at cost or if donated at their estimated cost and are depreciated over their estimated useful lives of five to ten years, using straight-line method, and are shown net of accumulated depreciation of \$3,459 at June 30, 2017.

Income Taxes

The United Way of Cecil County, Inc. qualifies as a tax-exempt Organization under Internal Revenue Code Section 501(c)(3) and its activities do not result in any income tax liability. The organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Concentration of Credit Risk

United Way of Cecil County, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash. Currently no amounts exceed FDIC limitations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. A significant estimate includes the allowance for uncollectible pledges as well as pledges receivable.

NOTE C – PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give which are unrestricted in nature and are due in one year or less. The allowance for pledges receivable for 2017 was:

Allowance for Uncollectible Pledges	\$11,169
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NOTE D- OPERATING LEASE

The organization signed a two year lease with Union Hospital. The lease has an option to renew for an additional two years. The rent is paid in monthly installments of \$600.

NOTE E– SUBSEQUENT EVENTS

Management has evaluated subsequent events as of October 11, 2017, the date the financial statements were available to be issued.

NOTE F – OTHER MATTER: SUPPLEMENTAL INFORMATION

$$\frac{\text{Numerator} = \text{Management \& General Expense} + \text{Total fundraising expense}}{\text{Denominator} = \text{Total Campaign \& Other Revenue}}$$

The Organization has computed the following overhead ratio expressed as a percentage of expenses for

Numerator: Supporting Services	\$	61,818
Denominator: Gross Campaign Revenue	\$	224,526
Numerator/Denominator Expressed as a Percentage		27.53%