

UNITED WAY OF ST. JOHNS COUNTY, INC.
FINANCIAL REPORT

Years Ended June 30, 2016 and 2015

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KRESGE, PLATT & ABARE CPAS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of St. Johns County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of St. Johns County, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016 and 2015, 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 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 St. Johns County, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kresge, Platt & Abare CPAs, LLC

St. Augustine, FL
October 14, 2016

UNITED WAY OF ST. JOHNS COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 732,502	\$ 751,514
Campaign pledges receivable (net of allowance for uncollectible pledges of \$251,609 at June 30, 2016 and \$228,728 at June 30, 2015)	385,815	313,315
Investments	256,189	252,224
Prepaid expenses	5,417	2,028
Property and equipment, net	71,103	71,985
Deposits	<u>150</u>	<u>150</u>
TOTAL ASSETS	<u><u>\$ 1,451,176</u></u>	<u><u>\$ 1,391,216</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,608	\$ 37,937
Allocations payable	71,800	70,800
Designations payable	23,885	-
Deferred client services	26,902	-
Deferred allocations of current campaign	<u>1,048,323</u>	<u>1,010,386</u>
TOTAL LIABILITIES	<u><u>1,176,518</u></u>	<u><u>1,119,123</u></u>
NET ASSETS		
Unrestricted		
Undesignated	(625,880)	(610,551)
Board designated	<u>749,258</u>	<u>731,364</u>
Total unrestricted	123,378	120,813
Temporarily restricted	14,280	14,280
Permanently restricted	<u>137,000</u>	<u>137,000</u>
TOTAL NET ASSETS	<u><u>274,658</u></u>	<u><u>272,093</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,451,176</u></u>	<u><u>\$ 1,391,216</u></u>

See accompanying notes

UNITED WAY OF ST. JOHNS COUNTY, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2016 AND 2015

PUBLIC SUPPORT AND OTHER REVENUE	<u>2016</u>	<u>2015</u>
Public Support		
Campaign receipts, less allowance for uncollectible pledges	\$ 1,177,799	\$ 1,138,203
Total public support	<u>1,177,799</u>	<u>1,138,203</u>
Other Revenue		
Fundraising revenue	34,240	-
Rental income	5,121	4,800
Investment income	836	1,351
Administrative fees	4,640	1,053
In-kind contributions	1,735	-
Other	<u>6,781</u>	<u>6,183</u>
Total other revenue	<u>53,353</u>	<u>13,387</u>
 TOTAL PUBLIC SUPPORT AND OTHER REVENUE	 <u>1,231,152</u>	 <u>1,151,590</u>
 EXPENSES		
Program services	1,065,545	1,056,574
General and administrative	122,248	97,897
Fundraising	<u>40,794</u>	<u>-</u>
Total expenses	<u>1,228,587</u>	<u>1,154,471</u>
 CHANGE IN NET ASSETS	 2,565	 (2,881)
NET ASSETS, BEGINNING	<u>272,093</u>	<u>274,974</u>
NET ASSETS, ENDING	<u>\$ 274,658</u>	<u>\$ 272,093</u>

See accompanying notes

UNITED WAY OF ST. JOHNS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services		Support Services		Total
	Campaign and Public Relations	Total Program Services	Management and Administrative	Fundraising	
Allocation to member agencies	\$ 718,000	\$ 718,000	\$ -	\$ -	\$ 718,000
Designations to agencies	126,568	126,568	-	-	126,568
Grants and services to clients	15,169	15,169	-	16,000	31,169
Salaries and wages	124,780	124,780	70,779	9,398	204,957
Payroll taxes	9,545	9,545	5,414	717	15,676
Payroll service fee	924	924	523	70	1,517
Employee benefits	7,364	7,364	4,177	555	12,096
Professional fees	8,056	8,056	-	-	8,056
Bank fees	-	-	2,202	25	2,227
Depreciation	3,142	3,142	3,141	-	6,283
Telephone	2,341	2,341	2,341	-	4,682
Postage	4,393	4,393	-	168	4,561
Insurance	1,766	1,766	1,766	-	3,532
Utilities	2,325	2,325	2,326	-	4,651
Building maintenance	5,117	5,117	5,117	-	10,234
Equipment rentals	1,620	1,620	1,620	-	3,240
Advertising	1,633	1,633	1,633	-	3,266
Printing	8,434	8,434	2,108	876	11,418
Travel and lodging	2,911	2,911	2,912	220	6,043
Meeting expense	1,832	1,832	5,495	12,664	19,991
Office and operating supplies	1,524	1,524	1,523	35	3,082
Membership and dues	13,681	13,681	5,863	-	19,544
Rent	379	379	378	-	757
Reimbursements	1,112	1,112	-	-	1,112
Other	2,929	2,929	2,930	66	5,925
Total	\$ 1,065,545	\$ 1,065,545	\$ 122,248	\$ 40,794	\$ 1,228,587

See accompanying notes

UNITED WAY OF ST. JOHNS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Management and Administrative	Total
Allocation to member agencies	\$ 709,400	\$ -	\$ 709,400
Designations to agencies	131,375	-	131,375
Grants and services to clients	9,899	-	9,899
Salaries and wages	121,526	49,638	171,164
Payroll taxes	9,388	3,835	13,223
Payroll service fee	1,088	444	1,532
Employee benefits	11,755	4,801	16,556
Professional fees	8,465	-	8,465
Bank fees	-	2,471	2,471
Depreciation	3,341	3,340	6,681
Telephone	2,348	2,347	4,695
Postage	3,972	-	3,972
Insurance	1,876	1,876	3,752
Utilities	2,535	2,535	5,070
Building maintenance	4,239	4,239	8,478
Equipment rentals	1,650	1,649	3,299
Advertising	4,020	4,020	8,040
Printing	9,209	2,302	11,511
Travel and lodging	1,993	1,992	3,985
Meeting expense	804	2,408	3,212
Office and operating supplies	2,413	2,412	4,825
Membership and dues	11,155	4,780	15,935
Rent	690	690	1,380
Campaign expense	1,314	-	1,314
Other	2,119	2,118	4,237
Total	\$ 1,056,574	\$ 97,897	\$ 1,154,471

See accompanying notes

UNITED WAY OF ST. JOHNS COUNTY, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,565	\$ (2,881)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,283	6,681
Contributed fixed assets	(1,735)	-
Net change in:		
Campaign pledges receivable, net	(72,500)	9,156
Other receivables	-	618
Investments	(3,965)	3,228
Prepaid expenses	(3,389)	1,941
Accounts payable and accrued expenses	1,851	18,793
Allocations payable	1,000	(230)
Designations payable	(10,295)	-
Deferred client services	26,902	-
Deferred allocations of current campaign	<u>37,937</u>	<u>21,054</u>
Net cash provided (used) by operating activities	<u>(15,346)</u>	<u>58,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(3,666)</u>	<u>-</u>
Net cash used by investing activities	<u>(3,666)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,012)	58,360
CASH AND CASH EQUIVALENTS, BEGINNING	<u>751,514</u>	<u>693,154</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 732,502</u>	<u>\$ 751,514</u>

See accompanying notes

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

United Way of St. Johns County, Inc. (the "Organization") is a not-for-profit corporation founded in 1967 in St. Johns County, Florida. The mission of the Organization is "to increase the organized capacity of people to care for one another." The driving force behind this mission is the conviction that there are individuals and families in St. Johns County who have health and human care problems with which they need help. Taken together, these individual problems constitute community problems requiring a collective effort to address. The Organization acts primarily for and as contributors seeking the most cost-effective solutions to problems through community agencies that are demonstrating measurable results in providing health and human care services. Its primary, although not exclusive, focus is to serve the interests of corporate and employee contributors in an attempt to have a single community-wide campaign in response to local health and human care needs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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, and accordingly, reflect all significant receivables, payables and other liabilities of the Organization.

Classification of Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in its ASC 958. Under FASB ASC 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.

The assets, liabilities, and net assets of the Organization are reported in net asset classes as follows:

- (a) Unrestricted net assets are resources over which the Board of Directors (the "Board") has discretionary control including those unrestricted net assets invested in property and equipment at the direction of the Board.
- (b) Temporarily restricted net assets are subject to donor-imposed stipulation that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.
- (c) Permanently restricted net assets are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

In addition, financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, *Audits of Voluntary Health and Welfare Organizations*.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of 90 days or less.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value.

Investments

Investments are composed of U.S. Treasury Notes and brokerage money market accounts.

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Campaign Contributions and Pledges

In accordance with FASB ASC 958 *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the audit period 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. Under FASB ASC 958, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Campaign contributions, including unconditional promises to give (“pledges”), are recognized as revenue on the statement of activities in the period in which such amounts are applicable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Organization writes off specific pledges receivable as they become uncollectible. Use of the direct write-off method did not result in a material departure from accounting principles generally accepted in the United States of America.

The Organization conducts a campaign annually that features contributor choice. Contributors may give through the United Way funds in which experienced local volunteers, who are knowledgeable of local urgent needs and who review and monitor programs, decide which services of certified agencies will receive money as well as to what extent.

Donations of property and equipment and other assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donor Designated Campaign Contributions

Contributors may give by designation to a specific agency as long as it is a not-for-profit health and human care organization and is approved by the Internal Revenue Service as eligible to receive charitable contributions that are deductible for federal income taxes. Contributions and pledges designated to specific agencies are classified as current liabilities on the statement of financial position and are reflected as revenue on the statement of activities.

Pledges Receivable and Allowance for Uncollectible Accounts

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management’s judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off once they are determined no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization generally pays for services requiring specific expertise. However, a substantial number of individuals volunteer their time and perform a variety of tasks that assist the Organization with specific solicitation programs, fundraising activities and various committee assignments. No amounts have been recorded as contributions and expenses for the value of these services in the accompanying financial statements as they did not meet the accounting principles criteria for recognition. Additionally, other donated services provided to the Organization, which do not constitute a significant factor in their operations, have not been recorded in the accompanying financial statements.

Property and Equipment

Land, buildings and equipment are recorded at cost, if purchased, and at their estimated fair values, if donated. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$500 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 39 years. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 10 years. Depreciation expense was \$6,283 for the year ended June 30, 2016 (\$6,681 for the year ended June 30, 2015).

Deferred Revenue

Campaign contributions and pledges received during the audit period are recognized as revenue in the year to which such amounts are applicable.

Functional Expense Allocation

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

Advertising

The Organization does not capitalize advertising costs, but rather expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. For the year ended June 30, 2016, advertising expense was \$3,266 (\$8,040 for the year ended June 30, 2015).

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 and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for uncertain tax positions

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2016 and 2015, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2016 and 2015, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since the tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2016, the periods that remain open to examination under federal statute are for the fiscal years ended June 30, 2013 through 2015.

Compensated Absences

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and the variances are held to be immaterial.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of bank accounts that are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, such balances may be in excess of FDIC insurance limits. At June 30, 2016, the Organization did not maintain any cash balances in excess of FDIC insurance limits. At June 30, 2015, the Organization's uninsured cash balance totaled approximately \$92,312.

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 OTHER CONCENTRATIONS AND RISKS

Concentrations of risk with respect to pledges receivable are limited due to the significant number of diverse contributors. However, the contributor base is concentrated in St. Johns County, Florida.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable (unconditional promises to give) consist of campaign pledges. The pledges are substantially collected within 12-18 months of the initial pledge. Therefore, no discount is reflected to adjust the pledges to the present value at the time of the pledge. Pledges receivable consist of the following at June 30, 2016 and 2016:

	2016	2015
2013-2014 campaign	\$ -	\$ 95,735
2014-2015 campaign	114,375	446,308
2015-2016 campaign	523,049	-
Less, allowance for uncollectible pledge	<u>(251,609)</u>	<u>(228,728)</u>
Pledges receivable, net	<u>\$ 385,815</u>	<u>\$ 313,315</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2016 and 2015:

	2016	2015
Land	\$ 18,000	\$ 18,000
Buildings and improvements	107,463	107,463
Furniture and equipment	<u>74,016</u>	<u>68,615</u>
Total property and equipment	199,479	194,078
Less, accumulated depreciation	<u>(128,376)</u>	<u>(122,093)</u>
Property and equipment, net	<u>\$ 71,103</u>	<u>\$ 71,985</u>

NOTE 7 INVESTMENTS

Investments are stated at fair value. The value assigned to investments received by gift is the fair value at the date of donation. Cost and fair value of investments are as follows as of June 30, 2016 and 2015:

2016			
	Cost	Fair Value	Unrealized Gain/(Loss)
U.S. Treasury Notes	\$ 11,000	\$ 11,000	\$ -
Total Noncash Investments	11,000	11,000	-
Cash Investments	<u>245,189</u>	<u>245,189</u>	-
Total Investments	<u>\$ 256,189</u>	<u>\$ 256,189</u>	<u>\$ -</u>
2015			
	Cost	Fair Value	Unrealized Gain/(Loss)
U.S. Treasury Notes	\$ 11,000	\$ 11,000	\$ -
Total Noncash Investments	11,000	11,000	-
Cash Investments	<u>241,224</u>	<u>241,224</u>	-
Total Investments	<u>\$ 252,224</u>	<u>\$ 252,224</u>	<u>\$ -</u>

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement ASC FAS 820-10 establishes a framework for measuring fair value. That framework 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 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC FAS 820-10 are described below:

Level 1

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 2

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 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's 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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 a different fair value measurement 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, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 11,000	\$ -	\$ -	\$ 11,000
Investment Money Market Funds	245,189	-	-	245,189
Total	<u>\$ 256,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,189</u>

	2015			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 11,000	\$ -	\$ -	\$ 11,000
Investment Money Market Funds	241,224	-	-	241,224
Total	<u>\$ 252,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,224</u>

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LEASE AGREEMENTS

The Organization leases various office equipment under the operating lease agreements. Each lease agreement provides for a 60 month lease payment schedule between \$69 and \$137 per month, with the final payment due in November 2018. Total lease expense for the office equipment for the year ended June 30, 2016 was \$3,240 (\$2,911 for the year ended June 30, 2015) and is included in the equipment rentals account on the statement of functional expenses. Future minimum lease payments required under the lease at June 30, 2016, are as follows:

2016-2017	\$ 3,023
2017-2018	2,477
2018-2019	<u>620</u>
Total	<u>\$ 6,120</u>

NOTE 10 ALLOCATIONS, DESIGNATIONS AND GRANTS

Funds designated by donors for member agencies are allocated to those agencies as long as they are not-for-profit organizations exempt from federal income taxes as determined by the Internal Revenue Code and must qualify for the charitable contribution deduction. Designated allocations and grants are determined by individually designated pledges or by the direction of a council established by certain donor companies for this purpose. Allocations to agencies at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Alpha Omega	\$ 12,000	\$ 8,200
American Red Cross	20,000	20,000
Arc of St. Johns County	31,000	31,000
Boy Scouts of America	27,500	29,700
Catholic Charities	49,000	48,000
Children's Home Society	8,000	4,500
Communities in Schools	-	4,000
Cultural Organization	8,000	6,000
Early Learning Coalition	25,000	25,000
EPIC Community Services	45,000	43,800
First Tee	5,000	-
Good Samaritan Health	28,000	25,000
Girl Scouts of America	5,000	20,000
Habitat for Humanity	31,000	30,500
Homeless Coalition	30,000	27,500
Home Again	5,000	2,500
Learn to Read of St. Johns County	26,000	25,000
Kid's Bridge	4,000	4,000
Police Athletic League	17,000	15,000
Safety Shelter (Betty Griffin House)	43,000	43,000
Salvation Army	-	4,000
St. Augustine Youth Services	10,000	10,000
St. Gerard House	30,000	30,000
St. Johns Council on Aging	70,000	70,000
St. Johns County Welfare Federation	35,500	35,500
St. Johns Housing Partnership	35,000	33,000
St. Francis House	45,000	45,000
The Players Championship Boys & Girls Club	8,000	4,100
YMCA – St. Augustine	42,000	38,200
YMCA – Winston Family	-	8,000
Young Life	13,000	14,000
United Way 211	<u>10,000</u>	<u>2,500</u>
Total	<u>\$ 718,000</u>	<u>\$ 712,000</u>

UNITED WAY OF ST. JOHNS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 BOARD DESIGNATED NET ASSETS

A portion of the unrestricted net assets is designated for the following specific purposes:

	<u>2016</u>	<u>2015</u>
Twelve months allocations to agencies	\$ 646,200	\$ 646,200
Three months budgeted operating expenses	<u>103,058</u>	<u>85,164</u>
Total designated net assets	<u>\$ 749,258</u>	<u>\$ 731,364</u>

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for specified donor related programs totaled \$14,280 at June 30, 2016 and 2015.

NOTE 13 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets available for specified donor related programs totaled \$137,000 at June 30, 2016 and 2015.

NOTE 14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 14, 2016. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2016, including estimates inherent in the process of preparing these financial statements.