

**UNITED WAY OF HARRISONBURG AND
ROCKINGHAM COUNTY, INC.**

FINANCIAL REPORT

April 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Harrisonburg and Rockingham County, Inc.
Harrisonburg, Virginia

We have audited the accompanying financial statements of the United Way of Harrisonburg and Rockingham County, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 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.

Auditor's 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 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.

Your Success is Our Focus

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Harrisonburg and Rockingham County, Inc. as of April 30, 2016 and 2015, 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 18, 2016

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

April 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 213,401	\$ 49,981	\$ 263,382
Pledges receivable, net (Note 2)	417,770	-	417,770
Prepaid expenses	2,432	-	2,432
Investments (Notes 3 and 4)	1,207,148	1,252	1,208,400
Equipment, net (Note 5)	7,461	-	7,461
	<u>\$ 1,848,212</u>	<u>\$ 51,233</u>	<u>\$ 1,899,445</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Allocations payable	\$ 571,000	\$ -	\$ 571,000
Accounts payable and accrued expenses	12,669	-	12,669
Custodial liabilities			
Partner and non-partner agencies	103,073	-	103,073
Pass through grants	2,232	-	2,232
	<u>688,974</u>	<u>-</u>	<u>688,974</u>
NET ASSETS			
Unrestricted			
Board designated			
United Way Community Care Fund	339,570	-	339,570
Campaign reserve	309,509	-	309,509
Undesignated	510,159	-	510,159
Temporarily restricted (Note 6)	-	51,233	51,233
	<u>1,159,238</u>	<u>51,233</u>	<u>1,210,471</u>
Total net assets	<u>1,159,238</u>	<u>51,233</u>	<u>1,210,471</u>
Total liabilities and net assets	<u>\$ 1,848,212</u>	<u>\$ 51,233</u>	<u>\$ 1,899,445</u>

The accompanying notes are
an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

April 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 299,644	\$ 3,000	\$ 302,644
Pledges receivable, net (Note 2)	480,339	-	480,339
Prepaid expenses	2,133	-	2,133
Investments (Notes 3 and 4)	1,346,050	1,269	1,347,319
Equipment, net (Note 5)	8,479	-	8,479
	<u>\$ 2,136,645</u>	<u>\$ 4,269</u>	<u>\$ 2,140,914</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Allocations payable	\$ 681,504	\$ -	\$ 681,504
Accounts payable and accrued expenses	6,933	-	6,933
Custodial liabilities			
Partner and non-partner agencies	110,753	-	110,753
Pass through grants	2,234	-	2,234
	<u>801,424</u>	<u>-</u>	<u>801,424</u>
NET ASSETS			
Unrestricted			
Board designated			
United Way Community Care Fund	339,570	-	339,570
Campaign reserve	309,509	-	309,509
Undesignated	686,142	-	686,142
Temporarily restricted (Note 6)	-	4,269	4,269
	<u>1,335,221</u>	<u>4,269</u>	<u>1,339,490</u>
Total net assets	<u>\$ 2,136,645</u>	<u>\$ 4,269</u>	<u>\$ 2,140,914</u>
Total liabilities and net assets	<u>\$ 2,136,645</u>	<u>\$ 4,269</u>	<u>\$ 2,140,914</u>

The accompanying notes are
an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF ACTIVITIES
Year Ended April 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Campaign applicable to current period			
Contributions received for current period in current period	\$ 972,757	\$ -	\$ 972,757
Donor designations	(92,377)	-	(92,377)
Allowance for uncollectible pledges, net of recoveries	(65,540)	-	(65,540)
Grants		87,646	87,646
Net assets released from restriction			
Purpose restrictions	37,665	(37,665)	-
Time restrictions	3,000	(3,000)	-
Total for current period	<u>855,505</u>	<u>46,981</u>	<u>902,486</u>
Other revenue and support			
Gifts in kind	222,783	-	222,783
Investment loss (Note 3)	(33,687)	(17)	(33,704)
Other	14,069	-	14,069
Total other revenue and support	<u>203,165</u>	<u>(17)</u>	<u>203,148</u>
Total revenue and other support	<u>1,058,670</u>	<u>46,964</u>	<u>1,105,634</u>
Expenses			
Community services (including grants and allocations of \$618,942)	954,255	-	954,255
Support services			
Administrative expenses	135,528	-	135,528
Campaign fund raising	133,756	-	133,756
United Way Worldwide dues	11,114	-	11,114
Total expenses	<u>1,234,653</u>	<u>-</u>	<u>1,234,653</u>
Change in net assets	(175,983)	46,964	(129,019)
Net assets, beginning	<u>1,335,221</u>	<u>4,269</u>	<u>1,339,490</u>
Net assets, ending	<u>\$ 1,159,238</u>	<u>\$ 51,233</u>	<u>\$ 1,210,471</u>

The accompanying notes are
an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF ACTIVITIES
Year Ended April 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Campaign applicable to current period			
Contributions received for current period in current period	\$ 972,380	\$ -	\$ 972,380
Donor designations	(102,681)	-	(102,681)
Allowance for uncollectible pledges, net of recoveries	(32,115)	-	(32,115)
Contributions received in prior periods and released from restrictions	2,000	(2,000)	-
Total for current period	<u>839,584</u>	<u>(2,000)</u>	<u>837,584</u>
Campaign applicable to future allocations periods			
Contributions received	-	3,000	3,000
Total for future periods	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Other revenue and support			
Gifts in kind	200,245	-	200,245
Investment income (Note 3)	75,972	128	76,100
Grants	720	-	720
Other	6,986	-	6,986
Total other revenue and support	<u>283,923</u>	<u>128</u>	<u>284,051</u>
Total revenue and other support	<u>1,123,507</u>	<u>1,128</u>	<u>1,124,635</u>
Expenses			
Community services (including grants and allocations of \$721,654)	923,399	-	923,399
Support services			
Administrative expenses	137,670	-	137,670
Campaign fund raising	167,385	-	167,385
United Way Worldwide dues	11,594	-	11,594
Total expenses	<u>1,240,048</u>	<u>-</u>	<u>1,240,048</u>
Change in net assets	(116,541)	1,128	(115,413)
Net assets, beginning	1,451,762	3,141	1,454,903
Net assets, ending	<u>\$ 1,335,221</u>	<u>\$ 4,269</u>	<u>\$ 1,339,490</u>

The accompanying notes are
an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended April 30, 2016

	Program Services		Support Services		Total Expenses
	Community Services	Administrative	Campaign Fund Raising	United Way Worldwide Dues	
Salaries	\$ 67,556	\$ 66,699	\$ 54,182	\$ -	\$ 188,437
Payroll taxes	5,168	5,102	4,145	-	14,415
Benefits	8,683	8,573	6,964	-	24,220
Community relations	6,193	72	-	-	6,265
Professional fees	1,539	34,386	-	-	35,925
Office supplies	410	2,109	456	-	2,975
Computer services	1,115	1,101	894	-	3,110
Telephone	945	933	758	-	2,636
Postage	-	1,758	1,287	-	3,045
Rent and utilities	5,162	5,097	4,141	-	14,400
Insurance	1,594	1,574	1,279	-	4,447
Repairs and maintenance	1,091	1,077	875	-	3,043
Technical support	3,013	506	411	-	3,930
Grants and allocations	618,942	-	-	-	618,942
Gifts in kind - community service	185,703	-	-	-	185,703
Printing	-	1,101	794	-	1,895
Travel	-	160	129	-	289
Conferences	-	-	2,910	-	2,910
Marketing	2,500	695	17,158	-	20,353
Gifts in kind - marketing	-	-	37,080	-	37,080
Public relations	-	2,413	-	-	2,413
Dues and membership	-	1,266	-	11,114	12,380
Depreciation	365	360	293	-	1,018
Special Projects	3,636	-	-	-	3,636
Smart Beginnings	37,940	-	-	-	37,940
Miscellaneous	2,700	546	-	-	3,246
	<u>\$ 954,255</u>	<u>\$ 135,528</u>	<u>\$ 133,756</u>	<u>\$ 11,114</u>	<u>\$ 1,234,653</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended April 30, 2015

	Program Services		Support Services		Total Expenses
	Community Services	Administrative	Campaign Fund Raising	United Way Worldwide Dues	
Salaries	\$ 48,686	\$ 68,969	\$ 62,880	\$ -	\$ 180,535
Payroll taxes	3,725	5,276	4,810	-	13,811
Benefits	1,349	1,911	1,742	-	5,002
Community relations	3,899	180	-	-	4,079
Professional fees	1,041	34,234	206	-	35,481
Office supplies	283	2,330	365	-	2,978
Computer services	877	1,243	1,133	-	3,253
Telephone	703	997	909	-	2,609
Postage	-	2,266	961	-	3,227
Rent and utilities	3,096	4,386	3,999	-	11,481
Cleaning services	165	233	212	-	610
Insurance	1,297	1,838	1,676	-	4,811
Repairs and maintenance	758	1,074	979	-	2,811
Technical support	351	497	453	-	1,301
Grants and allocations	721,654	-	-	-	721,654
Gifts in kind - community service	129,970	-	-	-	129,970
Printing	-	1,047	1,859	-	2,906
Travel	6	584	199	-	789
Conferences	462	449	40	-	951
Marketing	2,500	795	14,661	-	17,956
Gifts in kind - marketing	-	1,328	68,946	-	70,274
Public relations	16	1,497	1,009	-	2,522
Dues and membership	-	1,364	-	11,594	12,958
Depreciation	268	379	346	-	993
Special projects	2,100	-	-	-	2,100
Miscellaneous	193	4,793	-	-	4,986
	<u>\$ 923,399</u>	<u>\$ 137,670</u>	<u>\$ 167,385</u>	<u>\$ 11,594</u>	<u>\$ 1,240,048</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

STATEMENTS OF CASH FLOWS
Years Ending April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (129,019)	\$ (115,413)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	1,018	993
Unrealized and realized (gain) loss on investments	45,672	(66,908)
Change in assets and liabilities:		
Decrease (increase) in:		
Pledges receivable	62,569	(25,550)
Other receivables	-	1,564
Prepaid expenses	(299)	168
Increase (decrease) in:		
Accounts payable and accrued expenses	5,736	3,281
Allocations payable	(110,504)	-
Net cash used in operating activities	<u>(124,827)</u>	<u>(201,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	120,510	16,504
Purchase of investments	(27,263)	(25,117)
Purchase of property and equipment	-	(5,210)
Net cash provided by (used in) investing activities	<u>93,247</u>	<u>(13,823)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in custodial liabilities	<u>(7,682)</u>	<u>(37,397)</u>
Net cash used in financing activities	<u>(7,682)</u>	<u>(37,397)</u>
Decrease in cash and cash equivalents	(39,262)	(253,085)
CASH AND CASH EQUIVALENTS		
Beginning	<u>302,644</u>	<u>555,729</u>
Ending	<u>\$ 263,382</u>	<u>\$ 302,644</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The United Way of Harrisonburg and Rockingham County, Inc. (United Way or Organization) is a non-profit community building organization, which conducts annual campaigns to raise support for the community and its partner agencies. Substantially all funds are raised from local sources in the Harrisonburg and Rockingham County, Virginia areas.

A summary of significant accounting policies follows:

Basis of financial statement presentations:

The financial statements of the United Way have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements present information regarding the United Way's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the United Way pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various restricted and other operating needs. The United Way has no permanently restricted net assets.

Revenue recognition:

Contributions, including pledges, are considered to be unrestricted unless specifically indicated as temporarily or permanently restricted by the donor. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. Contributions with restrictions that become satisfied within the same fiscal period are reported as unrestricted contributions in the statement of activities.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Revenue recognition (continued):

An allowance for uncollectible pledges is established for each campaign and reduces pledges receivable in the statement of financial position and is deducted from contributions in the statement of activities. Historically, the allowance is computed based on a three year historical collection rate applied to the total campaign. Pledges outstanding one year after the close of the campaign are deemed uncollectible and the provision for uncollectible pledges is adjusted for the uncollected amounts.

Gifts in kind and donated services:

Non-cash donations of equipment, materials, supplies, services or other items that benefit the operations of the United Way are included as unrestricted support in the period in which the benefit applies. Contribution of securities is recognized at the fair value of the securities on the date contributed, with gains or losses on the sale of such securities included in investment income. Gift in kind donations are reported at estimated fair value when received.

The United Way received approximately 9,000 hours of donated services from individual volunteers who participate in the United Way's programs and supporting services and has estimated the value of these services to be approximately \$213,000. However, the value of these donated services is not reflected in these financial statements because they do not meet the recognition requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Cash and cash equivalents:

The United Way considers all liquid investments with maturities of three months or less, excluding board appropriated funds reported as investments, to be cash equivalents. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing and non-interest bearing accounts.

Equipment:

Equipment is stated at cost less accumulated depreciation and amortization, which are provided by the straight-line method over the following estimated useful lives:

Computer and equipment	3 – 7 years
Computer software	3 – 5 years

Investments:

Investments held by the United Way are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Custodial liabilities:

At times, the United Way acts as an agent for administering, collecting, and distributing funds for organizations. Amounts received are not activity of the United Way and therefore are recorded as assets with an appropriate offsetting liability. Campaign contributions designated for specific partner and non-partner agencies are also accounted for as agency funds and included in custodial liabilities.

Income taxes:

The Internal Revenue Service has determined that the United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision has been made for income tax expense. Donors may deduct contributions as provided in Section 170 of the Internal Revenue Code.

Functional allocation of expenses:

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

Estimates and assumptions:

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

Subsequent events:

Subsequent events have been evaluated through August 18, 2016, the date the financial statements were available to be issued.

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 2. Pledges Receivable

Pledges receivable are expected to be received within one year and consist of the following:

	<u>2016</u>	<u>2015</u>
Prior year campaign	\$ 82,269	\$ 48,531
Current year campaign	<u>457,633</u>	<u>528,958</u>
Total pledges	539,902	577,489
Less allowance for uncollectible pledges - prior year campaign	(73,619)	(48,531)
Less allowance for uncollectible pledges - current year campaign	<u>(48,513)</u>	<u>(48,619)</u>
	<u>\$ 417,770</u>	<u>\$ 480,339</u>

Note 3. Investments

Investments consist of the following:

	<u>2016</u>	<u>2015</u>
Common stock	\$ 1,252	\$ 1,269
Community Foundation Investment Pool (Undivided interest in mutual funds)	<u>1,207,148</u>	<u>1,346,050</u>
Total investments	<u>\$ 1,208,400</u>	<u>\$ 1,347,319</u>

Investments income (loss) consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 27,478	\$ 25,696
Realized and unrealized gains (losses)	(45,672)	66,908
Investment Fees	<u>(15,510)</u>	<u>(16,504)</u>
Total investment income (loss)	<u>\$ (33,704)</u>	<u>\$ 76,100</u>

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 4. Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The United Way uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the United Way measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Community Foundation Investment Pool:

The United Way holds an undivided interest in a diversified pool of mutual funds sponsored by The Community Foundation of Harrisonburg and Rockingham County (the Foundation). The securities are held in an account in the name of the Foundation. The value of the United Way's interest in the pool is determined from observable Level 1 inputs and, accordingly, is classified as Level 2 in the fair value hierarchy.

Common Stock:

Common stock for which a quoted market price is available on an active market is classified as Level 1 in the fair value hierarchy.

The table below presents the balances of investments measured at fair value on a recurring basis by level within the hierarchy.

	<u>April 30, 2016</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
The Community Foundation			
Investment Pool:			
Cash pool	\$ -	\$ 34,108	\$ 34,108
Fixed income	-	339,252	339,252
International growth	-	253,198	253,198
Large capital growth	-	291,311	291,311
Large capital value	-	124,261	124,261
Small/mid capital growth	-	89,005	89,005
Small/mid capital value	-	76,013	76,013
Common stock	<u>1,252</u>	<u>-</u>	<u>1,252</u>
	<u>\$ 1,252</u>	<u>\$ 1,207,148</u>	<u>\$ 1,208,400</u>

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 4. Fair Value Measurements (Continued)

	<u>April 30, 2015</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
The Community Foundation Investment Pool:			
Cash pool	\$ -	\$ 70,246	\$ 70,246
Fixed income	-	357,138	357,138
International growth	-	289,416	289,416
Large capital growth	-	320,987	320,987
Large capital value	-	136,760	136,760
Small/mid capital growth	-	93,063	93,063
Small/mid capital value	-	78,440	78,440
 Common stock	 <u>1,269</u>	 <u>-</u>	 <u>1,269</u>
	<u>\$ 1,269</u>	<u>\$ 1,346,050</u>	<u>\$ 1,347,319</u>

Note 5. Equipment

Equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Computer equipment and software	\$ 30,328	\$ 30,328
Office equipment, furniture and fixtures	<u>7,601</u>	<u>7,601</u>
	37,929	37,929
Less accumulated depreciation and amortization	<u>(30,468)</u>	<u>(29,450)</u>
Equipment, net	<u>\$ 7,461</u>	<u>\$ 8,479</u>

Depreciation expense for the year ended April 30, 2016 and 2015 was \$1,018 and \$993, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Time restrictions – undesignated net campaign pledges for future periods	\$ -	\$ 3,000
Time restriction – term endowment	1,252	1,269
Smart Beginnings	<u>49,981</u>	<u>-</u>
	<u>\$ 51,233</u>	<u>\$ 4,269</u>

(Continued)

UNITED WAY OF HARRISONBURG AND ROCKINGHAM COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

Note 7. Related Party Transactions

Grant allocations are awarded to agencies by a committee of the board of directors. These allocations are awarded only after the agency goes through a rigorous certification process. The management of the United Way has no decision making authority with respect to these allocations.

During 2016, the United Way awarded \$30,000 to two agencies that are related to the United Way through a family relationships. These amounts are included in Grants and Allocations on the Statement of Functional Expenses and in Allocations Payable on the Statement of Financial Position.

Note 8. Leases

In January 2015 the United Way entered a lease with Wharton Aldhizer & Weaver PLC to rent office space for \$1,200 monthly. Rent expense was \$14,400 and \$11,481 for the years ended April 30, 2016 and April 30, 2015, respectively.

Minimum future lease payments under the lease for each year ended April 30 are as follows:

2017	\$	14,800
2018		15,600
2019		16,000
2020		<u>11,200</u>
	\$	<u>57,600</u>