

**UNITED WAY OF SOUTHERN NEVADA, INC.  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**With Summarized Information  
For The Year Ended June 30, 2015**



**United Way  
of Southern Nevada**



**HOULDSWORTH, RUSSO & COMPANY**

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**UNITED WAY OF SOUTHERN NEVADA, INC.**

**JUNE 30, 2016 AND 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of Southern Nevada, Inc.  
Las Vegas, Nevada

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Southern Nevada, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants  
**20** YEARS & COUNTING

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## **Report on Summarized Comparative Information**

We have previously audited United Way of Southern Nevada, Inc.'s 2015 financial statements, and our report dated January 18, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2017, on our consideration of United Way of Southern Nevada, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Southern Nevada, Inc.'s internal control over financial reporting and compliance.

Las Vegas, Nevada  
January 6, 2017

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

ASSETS		
	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,787,529	\$ 3,148,030
Pledges receivable, net of allowance	2,787,982	2,866,060
Grants receivable	416,035	63,883
Investments	121	837
Prepaid expenses	61,432	37,956
	6,053,099	6,116,766
<b>OTHER ASSETS</b>		
Pledges receivable, net of current and discount	680,482	18,047
Property and equipment, net	2,682,937	2,767,136
	\$ 9,416,518	\$ 8,901,949
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Allocations payable	\$ 64,800	\$ 249,916
Designations and other agency obligations	1,731,921	1,830,397
Payroll and related accrual	254,086	165,999
Refundable advances	241,686	711,244
Accounts payable and other	634,764	426,099
Line of credit	300,000	-
Capital lease payable, current	17,650	15,873
Long-term debt, current	43,380	37,235
	3,288,287	3,436,763
<b>LONG-TERM LIABILITIES</b>		
Capital lease payable	1,422	19,227
Long-term debt, net of current maturities and bond issuance costs	1,205,017	1,294,389
	4,494,726	4,750,379
<b>NET ASSETS</b>		
Unrestricted	2,686,647	1,506,288
Temporarily restricted	2,235,145	2,645,282
	4,921,792	4,151,570
	\$ 9,416,518	\$ 8,901,949

See notes to financial statements.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES, OTHER CAMPAIGN RESULTS AND GAINS				
Gross campaign results, current year	\$ 8,128,963	\$ 25,466	\$ 8,154,429	\$ 8,138,419
Less provision for uncollectible pledges	(627,665)	-	(627,665)	(430,885)
	<u>7,501,298</u>	<u>25,466</u>	<u>7,526,764</u>	<u>7,707,534</u>
Grants, fees and other income:				
Fiscal agent revenue	2,337,118	-	2,337,118	1,957,236
Other revenue	126,539	-	126,539	143,858
Special events, net of direct expenses of \$27,196 for 2015	-	-	-	3,351
Investment return, net of fees	-	-	-	3,043
In-kind donations	66,096	-	66,096	123,647
Net assets released from restrictions	435,603	(435,603)	-	-
	<u>10,466,654</u>	<u>(410,137)</u>	<u>10,056,517</u>	<u>9,938,669</u>
Less donor-designated pass-through, net of portion retained to offset administrative costs	(2,583,987)	-	(2,583,987)	(2,903,913)
	<u>7,882,667</u>	<u>(410,137)</u>	<u>7,472,530</u>	<u>7,034,756</u>
EXPENSES				
Program services:				
Funded program allocations	1,266,942	-	1,266,942	1,434,864
Community development	819,839	-	819,839	924,543
Fiscal agent expense, other grants	2,203,536	-	2,203,536	1,750,306
	<u>4,290,317</u>	<u>-</u>	<u>4,290,317</u>	<u>4,109,713</u>
Support services:				
Management and general	1,237,265	-	1,237,265	933,494
Fundraising	1,173,877	-	1,173,877	1,879,509
Realized and unrealized loss on investments, net of fees	849	-	849	-
	<u>2,411,991</u>	<u>-</u>	<u>2,411,991</u>	<u>2,813,003</u>
	<u>6,702,308</u>	<u>-</u>	<u>6,702,308</u>	<u>6,922,716</u>
CHANGE IN NET ASSETS	1,180,359	(410,137)	770,222	112,040
NET ASSETS, BEGINNING OF YEAR	<u>1,506,288</u>	<u>2,645,282</u>	<u>4,151,570</u>	<u>4,039,530</u>
NET ASSETS, END OF YEAR	<u>\$ 2,686,647</u>	<u>\$ 2,235,145</u>	<u>\$ 4,921,792</u>	<u>\$ 4,151,570</u>

See notes to financial statements.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016				2015			
	Program Services			Supporting Services				
	Funded Program Allocations	Community Development	Other Grants	Total Program	Management and General	Fundraising	Total all Functions	Total all Functions
Payroll and related	\$ 90,902	\$ 558,081	\$ 968,566	\$ 1,617,549	\$ 794,680	\$ 755,088	\$ 3,167,317	\$ 3,749,057
Professional fees	-	17,386	62,611	79,997	227,901	8,672	316,570	206,949
Education program expenses	414,847	-	1,033,642	1,448,489	-	-	1,448,489	849,603
Office supplies and expenses	644	62,830	8,159	71,633	57,795	65,758	195,186	197,426
Bank fees	-	110	-	110	23,560	3,739	27,409	29,658
Occupancy and insurance	-	42,402	-	42,402	41,191	38,851	122,444	128,424
Printing, publications, awards	-	1,792	323	2,115	256	53,293	55,664	99,994
Campaign support media	-	30	22,245	22,275	30	77,807	100,112	41,392
Travel and conferences	972	6,831	29,856	37,659	4,808	90,699	133,166	242,276
Community event fees	-	37,296	-	37,296	-	-	37,296	48,498
Mortgage loan interest payments	-	18,767	-	18,767	18,230	16,622	53,619	62,462
Other program expenses	-	3,319	-	3,319	-	-	3,319	51,134
Depreciation and amortization	-	38,690	22	38,712	37,846	34,524	111,082	118,585
Community distribution	759,577	419	78,112	838,108	-	-	838,108	1,000,468
	1,266,942	787,953	2,203,536	4,258,431	1,206,297	1,145,053	6,609,781	6,825,926
National dues	-	31,886	-	31,886	30,968	28,824	91,678	96,790
	<u>\$ 1,266,942</u>	<u>\$ 819,839</u>	<u>\$ 2,203,536</u>	<u>\$ 4,290,317</u>	<u>\$ 1,237,265</u>	<u>\$ 1,173,877</u>	<u>\$ 6,701,459</u>	<u>\$ 6,922,716</u>

See notes to financial statements.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 770,222	\$ 112,040
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	111,082	118,585
Amortization of bond issuance costs (interest)	1,787	-
Unrealized (gain)/loss on investments	-	94,048
Realized (gain)/loss on investments	849	(80,540)
Donated stock	(10,102)	(29,145)
Proceeds from donated stock	9,969	29,225
Change in pledge allowance	261,192	(9,637)
Change in discount to present value	36,464	54
(Increase) decrease in operating assets		
Pledges receivable	(882,014)	474,537
Grants receivable	(352,152)	86,902
Prepaid expenses	(23,476)	36,320
Increase (decrease) in operating liabilities		
Allocations payable	(185,116)	(135,441)
Designations and other agency obligations	(98,476)	(360,594)
Payroll and related	87,681	(770)
Refundable advances	(469,558)	356,208
Accounts payable and other	209,070	(20,004)
	(532,578)	671,788
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investment sales or redemptions	-	1,460,081
Purchases of investments	-	(22,108)
Purchases of property and equipment	(26,883)	(6,891)
	(26,883)	1,431,082
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	300,000	-
Proceeds from notes payable	1,344,000	-
Payments on notes payable	(1,350,676)	(35,220)
Payments on capital lease	(16,028)	(15,377)
Payments for bond issuance costs	(78,336)	-
	198,960	(50,597)
Net cash provided by (used in) financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(360,501)	2,052,273
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,148,030	1,095,757
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,787,529	\$ 3,148,030
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 53,619	\$ 62,462

See notes to financial statements.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: United Way of Southern Nevada, Inc. (the Organization or United Way) is a not-for-profit corporation governed by a local volunteer Board of Directors. The Organization was incorporated in 1957 and its operations are primarily in Clark County. The Organization is one of more than 1,200 local, independent United Ways across the country.

The Organization's mission is to unite the community to improve people's lives. The Organization is innovative and collaborative in their efforts to create a better community for all.

United Way utilizes its ability to harness the energy of tens of thousands of stakeholders in the community to collectively take on the biggest problems and make a measurable impact.

The Organization achieves its mission through its Community-based Agenda focused on improving community conditions and creating lasting change. The Organization engages the community in identifying the underlying causes of the most significant local issues, developing strategies and mobilizing the required financial and human resources to address them and measuring the results.

United Way of Southern Nevada is part of a worldwide movement to create communities where all children and families can succeed through a quality education, financial education and healthy lives. The Organization also acts as the fiscal agent for the Nevada Ready! High Quality Preschool Development grant, helping to enhance state capacity to implement and sustain voluntary high-quality pre-kindergarten programs.

United Way staff works closely with community members to create positive change by solving complex community problems in the areas of education, health and financial stability. The Organization's staff supports the annual distribution of campaign proceeds to local agency programs and provides nonprofit support and technical assistance. United Way staff also engages in advocacy and public policy, development of strategic initiatives and community leadership.

Annual fundraising campaigns are conducted throughout the fiscal year to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support the Community-based initiatives, a variety of local health and human services programs, and to pay the United Way's operating expenses.

The Combined Federal Campaign (CFC) was established by the Federal government in 1961. The CFC is the only authorized charitable fundraising campaign for Federal employees, both civilian and military. A Local Federal Coordinating Committee (LFCC) comprised of local Federal employees, authorized by the CFC regulations, organizes the CFC. The Organization was appointed by the LFCC as the Principal Combined Fund Organization (PCFO) to administer the local campaign under the direction and control of the LFCC and the U.S. Office of Personnel Management. In addition to administering the campaign as the PCFO, the Organization also applies annually to the CFC as a federation. As a CFC federation, the Organization honors designations to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Nature of Activities (continued):

Contributors may direct their pledges to qualified 501(c)(3) organizations, United Way's Community Impact Fund or to a United Way Community-based Agenda initiative including education, health and financial stability. Specific donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way Worldwide membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

Revenues related to the Community-based Agenda programs are included in campaign results and funded program distributions in the accompanying Statement of Activities. Specific contributor designations are not included in revenues, gains, other support, or in funded program distributions in the Statements of Activities in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605 and subsections, as United Way passes these contributions to the donor-designated party.

Commitments to distribute funds to United Way Community-based Agenda initiatives are dependent on the results of United Way's community campaign. United Way historically provides agencies with anticipated funding commitments in advance. The commitment is recorded as a liability and an expense upon approval by the Board of Directors. Generally, commitments are paid over the calendar year, on a monthly or quarterly basis, following Board approval. Future support and activities and realization of its pledges receivable could be affected by adverse changes in economic conditions in this area.

Grant revenue from foundations is recognized in the period a liability is incurred for eligible expenditures under the term of the grant. Grant funds received prior to expenditure are recorded initially as an advance from the grantor under liabilities.

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and fully comply with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) applicable for not-for-profit organizations. The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, 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. Unrestricted net assets are available for the support of the Organization's activities.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Basis of Presentation (continued):

Temporarily restricted net assets represent funds subject to donor-imposed restrictions which will be met either by the Organization's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents: Cash and cash equivalents include both unrestricted and restricted cash. The Organization considers all highly liquid debt instruments purchased with an original maturity of twelve months or less to be cash equivalents.

Use of Estimates: Timely preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from management's estimates. Specifically, the allowance for estimated uncollectible pledges (Note 3) is susceptible to revision in the near term.

Pledges Receivable: Annual campaign pledge contributions consist of unconditional promises to give by donors (Note 3). Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at net realizable value. Pledges receivable are net of allowance for uncollectible pledges.

Allowances for Uncollectible Pledges: The allowance for uncollectible pledges is computed based upon a three-year historical average and management's consideration of current economic factors that could affect pledge collections (Note 3). Using these criteria, the provision was determined to be 5.2% and 5.2% of gross campaign pledges as of June 30, 2016 and 2015, respectively. After two years, uncollected campaign pledges are written off for the annual pledge campaign.

Property and Equipment: Property and equipment (Note 4) owned and used in operations are included in unrestricted net assets at cost, or if donated, at fair market value at the date of donation. All expenditures for property and equipment in excess of \$500 are capitalized at the time of purchase. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to thirty-one years. Total depreciation and amortization expense amounted to \$111,082 and \$118,585 for the years ended June 30, 2016 and 2015, respectively.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Gifts of Long-Lived Assets: The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Tax Status and Unrelated Business Tax: The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. It is classified as a publicly supported charitable organization under IRC Section 509(a)(1); therefore, donations qualify for maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi).

Donated Services: Donated services are recognized as contributions in accordance with FASB ASC 958-605 and subsections. The estimated fair value of donated services included in the financial statements consists of various services totaling \$66,096 and \$123,647 for the years ended June 30, 2016 and 2015, respectively. For the year ended June 30, 2016, donated services of \$57,600 and \$8,496 were recorded as fundraising expense and program expense, respectively, in the Statement of Functional Expenses. Donated services consist of advertising services and other totaling \$47,600 and \$18,496, respectively. For the year ended June 30, 2015, donated services of \$80,224 and \$43,423 were recorded as fundraising expense and program expense, respectively, in the Statement of Functional Expenses. Donated services consist of advertising services and other totaling \$31,443 and \$92,204, respectively.

The Organization pays for substantially all services that would otherwise meet the requirements to be recorded as a contributed service. A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's programs and fundraising campaigns. These donated services are not reflected in the financial statements since they do not meet the FASB ASC 958-605 and subsections criteria for recognition as contributed services.

Revenue Recognition: All current campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted (Note 13) or permanently restricted, as appropriate.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Revenue Recognition (continued):

The Organization reports contributions of cash and other assets as restricted support if the contributions are received with donor stipulations that limit the use of the donated assets. Donations designated for remittance to specific organizations or agencies are excluded from contributions revenue, except for a service charge, and accounted for as agency transactions and obligations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions, unless the donor restriction is met within the same accounting period. In this case, the contribution is recorded as an increase in unrestricted net assets.

Gifts of cash or other assets that must be used to acquire land, buildings and other long-lived assets are reported as restricted support. Absent donor stipulations about how long those assets must be maintained the Organization reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

Contributions are recognized as support in the Statement of Activities in the period, including bequests and unconditional pledges receivable, at their estimated net realizable value, discounted to present value if due in more than one year. Uncollectible pledges receivable, if any, are charged as a reduction of revenue in the Statement of Activities. Bequests are recognized at the time the Organization's right to them is established by a court and to the extent the value of the proceeds is subject to reasonable estimation.

Functional Expenses: The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classification based on the time study allocation method and on a direct cost basis. This is consistent with the standards for allocation of functional expenses established by FASB ASC and United Way Worldwide. Additional information about the functional allocation is as follows:

Program descriptions include United Way's three main programs: Funded program distributions, Community Development and Other grants.

Funded program distributions include community distribution dollars the Organization's Community-based Agenda programs which provide access to healthcare, education, and financial stability. Projects during the year include: Early Education Scholarships, Building Capacity for Early Education Centers, Early Education Family Engagement, High School Graduation Support, College Attainment and Workforce Ready, Family Engagement Resource Centers for High School Success, Health Clinics, Dental Care, Financial Education for Children and Financial Stability Programs for Families. Expenses include grants to organizations that provide services to the community pursuant to the programs' criteria and objectives and staff labor. Community-based Agenda involves the process of planning and investing resources to effectively address health and human service needs and includes outcome measurement, planning and problem-solving.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Functional Expenses (continued):

Community Development includes activities that fund investment and strategic community initiatives, including Community Engagement, Emergency Food and Shelter Program, Project Reach and community services/labor.

Other Grants consists of:

The AmeriCorps program was a three year matching grant effective August 31, 2013. In its final year, the Organization managed 48 AmeriCorp members, who served a total of 43,200 hours in the community.

The AmeriCorp VISTA program is in the final year of a five-year grant received through the Corporation for National and Community Service and included 10 full-time VISTA members.

In addition, Community Development managed other grants, including: Lumina Foundation (to increase post-secondary education), Siemer Family Foundation (to reduce homelessness and school transiency), Project Reach (providing low income seniors energy assistance) and Emergency Food and Shelter Program.

Supporting services descriptions include fundraising and management and general. Fundraising includes resource development and marketing. These two groups are responsible for the annual fundraising campaign, building strong programs in communications, advertising, media relations, community awareness, visibility and education about the Organization. In addition, resource development and marketing are responsible for developing long-term relationships with key customers and facilitating the involvement of local organization, corporations and businesses in community service.

Management and general is responsible for providing support for all areas of the Organization, including campaign pledge processing, accounting, finance, facilities management, information systems and human resource management. Responsible for ensuring the financial integrity of the Organization, this area manages the financial controls and reporting of financial data to the volunteers, the donors and the community.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015 from which the summarized information was derived.

Reclassifications: Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Advertising: Advertising costs are expensed as incurred. Total advertising costs for the year ended June 30, 2016 and 2015 are \$78,962 and \$31,843, respectively. For the year ended June 30, 2016, the Organization paid \$31,362 of advertising costs and \$47,600 was donated. For the year ended June 30, 2015, the Organization paid \$400 of advertising costs and \$31,443 was donated to the Organization.

NOTE 2. EMPLOYEE BENEFIT PLAN

The Organization has a Section 403(b) retirement plan covering substantially all employees who have completed one month of service and are at least 21 years old. Participants may contribute a percentage of their compensation on a pre-tax basis, up to the maximum allowed under federal guidelines. Employer contributions are a mandatory 4% of participant compensation and totaled \$60,663 and \$91,286 during the years ended June 30, 2016 and 2015, respectively.

NOTE 3. PLEDGES RECEIVABLE

The Organization began a naming gift pledge drive during the year ended June 30, 2015. Based on the size of the donation, donors receive a plaque with their name on it which will be placed in the lobby of the building. Pledges contain no purpose restriction and pledges are paid over five years. The Organization also received a naming gift pledge for their board room which will be paid over ten years. Pledges received after one year are recorded at fair value and discounted at the 5-year treasury rate of 1.01%. Campaign pledges are due in one year. Pledges receivable are comprised of the following:

	<u>2016</u>	<u>2015</u>
Pledges receivable, including designations due in less than one year	\$ 3,530,401	\$ 3,347,287
Pledges receivable due in one to five years	<u>717,000</u>	<u>18,101</u>
	4,247,401	3,365,388
Less allowance for uncollectible pledges	742,419	481,227
Less discount to present value	<u>36,518</u>	<u>54</u>
	<u>\$ 3,468,464</u>	<u>\$ 2,884,107</u>
Gross pledges due in less than one year	\$ 3,530,401	\$ 3,347,287
Less allowance for current pledges receivable	<u>742,419</u>	<u>481,227</u>
Current receivable balance	2,787,982	2,866,060
Long-term receivable balance, net of discount	<u>680,482</u>	<u>18,047</u>
Net receivable balance	<u>\$ 3,468,464</u>	<u>\$ 2,884,107</u>

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2016	2015
Land	\$ 437,000	\$ 437,000
Building and improvements	2,459,363	2,443,445
Furniture, fixtures and equipment	337,506	328,888
	3,233,869	3,209,333
Less accumulated depreciation	550,932	442,197
	\$ 2,682,937	\$ 2,767,136

NOTE 5. FINANCIAL INSTRUMENTS

The Organization maintains funds at several financial institutions located in Southern Nevada whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits, which is \$250,000 per depositor. The uninsured balance at June 30, 2016 was \$2,168,371.

The Organization also maintains two money market accounts with an institution located in Southern Nevada. The FDIC does not insure the money market accounts. The balance in these accounts at June 30, 2016 and 2015 was \$10,118 and \$10,231, respectively.

NOTE 6. OPERATING LEASES

The Organization leases office equipment under various operating leases.

Future minimum lease payments under the equipment leases are as follows:

2017	\$ 13,616
2018	13,416
2019	13,416
2020	13,416
2021	13,416
Thereafter	2,934
	\$ 70,214

Total expense incurred for the year ended June 30, 2016 and 2015 for the above leases was \$15,192 and \$15,192, respectively.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 7. CAPITAL LEASE

The Organization entered into a capital lease for office building signs in February 2012. The signs were delivered in July 2012 and the lease was effective August 1, 2012. The purchase value of \$72,821 was recorded as an asset and amortization of assets held under capital leases was included in depreciation expense. Total accumulated amortization is \$44,906 as of June 30, 2016. Interest on the capital lease was \$2,823 and \$5,045 for the fiscal years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments required under this capital lease and the present value of minimum capital lease payments as of June 30, 2016 are as follows:

2017	\$	18,851
2018		<u>1,571</u>
		20,422
Less amount representing interest		<u>(1,350)</u>
	\$	<u>19,072</u>

NOTE 8. REFUNDABLE ADVANCES LIABILITY

Total refundable advances were \$241,686 and \$711,244 at June 30, 2016 and 2015, respectively. The balance at June 30, 2016 includes \$201,619 recorded as grants deferred revenue from foundation grants which include a refundable clause for unspent dollars for sponsorship programs and \$40,067 for advance host site fees for the AmeriCorps grant. The funds are expected to be expended during the next year.

The prior year liability includes \$653,344 recorded as grants deferred revenue from foundation grants which include a refundable clause for unspent dollars and \$57,900 for advance host site fees for the AmeriCorps grant.

NOTE 9. REFUNDABLE DEPOSIT ASSETS

Included in prepaid expenses is \$9,500 for a deposit on the capital lease. The capital lease deposit is refundable at the end of the five-year lease.

NOTE 10. LONG-TERM DEBT

The Organization executed a loan agreement on October 12, 2011 that provides for borrowings of \$1,425,000 from Wells Fargo. The loan is to finance the purchase of property at 5830 W. Flamingo Road, Las Vegas, NV. The purchase loan has a 5-year term with a 25-year amortization, 4.25% interest rate and monthly interest payments with principal due in full at maturity date of September 30, 2016.

In December 2015, the loan was refinanced through public finance authority revenue bonds for \$1,344,000. The loan is amortized over 23 years at 3.24% interest with monthly payments of \$7,188. The purchaser of the bonds is Wells Fargo whom has financed the loan through December 1, 2022.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 10. LONG-TERM DEBT (CONTINUED)

Required principal payments on the notes payable is as follows for the year ended June 30, 2016:

2017	\$	43,380
2018		44,826
2019		46,321
2020		47,761
2021		49,459
Thereafter		<u>1,093,200</u>
		1,324,947
Less current portion		<u>(43,380)</u>
Net of current portion		1,281,567
Less bond issuance costs		<u>(76,550)</u>
		<u>\$ 1,205,017</u>

NOTE 11. BOND ISSUANCE COSTS

Bond issuance costs consisted of the following at June 30, 2016:

Bond issuance costs	\$	78,337
Less: accumulated amortization		<u>1,787</u>
Unamortized bond issuance costs		<u>\$ 76,550</u>

Amortization (interest) expense was \$1,787 for the year ended June 30, 2016. Future estimated amortization for this asset is as follows:

2017	\$	3,574
2018		3,574
2019		3,574
2020		3,574
2021		3,574
Thereafter		<u>58,680</u>
		<u>\$ 76,550</u>

NOTE 12. LINE OF CREDIT

The Organization has a revolving line of credit for \$300,000 which expires on March 15, 2017. Interest shall accrue on the unpaid outstanding principal balance at a floating rate equal to the prime rate plus 1.250%. The line of credit was paid back in July 2016.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 13. TEMPORARILY RESTRICTED NET ASSETS

Contributions received by the Organization are temporarily restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Community Investment Account		
Leadership checkbook	\$ 308,271	\$ 587,082
Project Reach	863,286	882,388
Kids and Cops program	108,873	108,923
Homeless Trust program	92,658	89,518
Better Life for Families	2,210	2,210
Downtown Cares	-	3,269
Community Assessment	5,000	5,000
Women's Leadership initiative	626,920	761,291
Young Philanthropist initiative	<u>227,927</u>	<u>205,601</u>
	<u>\$ 2,235,145</u>	<u>\$ 2,645,282</u>

Restricted assets consist of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 2,787,529	\$ 3,148,029
Less: custodian funds	<u>(589,118)</u>	<u>(527,922)</u>
Available cash	2,198,411	2,620,107
Investments	121	837
Pledges receivable	570,986	435,105
Less: refundable advances	(241,686)	(711,244)
Underfunded balance	-	300,477
Funds in excess of restrictions	<u>(292,687)</u>	<u>-</u>
	<u>\$ 2,235,145</u>	<u>\$ 2,645,282</u>

Temporary restricted net assets were underfunded by \$0 and \$300,477 during the year-ended June 30, 2016 and 2015, respectively. This is due to reduced revenue from one time donors and reduced unrestricted campaign revenue due to large corporate donor decisions to reduce staffing and/or eliminating operations in Southern Nevada because of macro-economic conditions, impacting unrestricted cash position for the Organization. Management took action to control and reduce operating expenses and other expenditures, and as a result, reduced spending year over year to offset the revenue shortfall, except for the underfunded amount.

NOTE 14. RELATED PARTIES

The Organization's Board of Directors' members are active in both the oversight of United Way and its various fundraising events. Contributions received from the Board of Directors members were approximately \$213,000 and \$384,000 for the years ended June 30, 2016 and 2015, respectively.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 15. COMMITMENTS

During the year ended June 30, 2016, United Way served as the fundraising and fiscal agent for the Southern Nevada Combined Federal Campaign (CFC), which is the principal fundraising activity for all U.S. governmental departments and agencies in Southern Nevada. United Way was approved an additional two-year agreement which encompasses the 2014-2015 and 2015-2016 campaign years.

In its capacity, United Way assisted CFC in raising \$424,949 and \$561,391 for the years ended June 30, 2016 and June 30, 2015, respectively. This was included in United Way's gross campaign results and donor designations. During 2016 and 2015, CFC expenses totaled \$118,722 and \$104,824, respectively, for campaign and administrative support provided by United Way. These expenses were reimbursed to United Way. Distributions to agencies share in a proportionate share of receipts, expenses and allowance for uncollectible pledges. The following pledge receivable balance is included with gross pledge receivable balance and allowance for uncollectible pledges stated in Note 3.

	2016	2015
CFC pledges receivable, including designations	\$ 237,923	\$ 309,827
Less allowance for CFC uncollectible pledges	38,455	44,729
	\$ 199,468	\$ 265,098

NOTE 16. CUSTODIAN FUNDS

Custodian funds are held by United Way for the account of certain programs and are disbursed only upon instructions from third parties. The amount of custodian funds held for these programs and not commingled by United Way totaled \$589,118 and \$527,922 at June 30, 2016 and 2015, respectively, and are reflected in the cash balance and other agency obligation balances in the accompanying financial statements.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2016, the Organization implemented *FASB ASC Update No. 2015-13, Simplifying the Presentation of Debt Issuance Costs*. This update requires debt issuance costs related to a recognized debit liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability. The presentation of the net amount of debt issuance costs has been classified in the Statement of Financial Position for the year ending June 30, 2016 in the amount of \$76,550

NOTE 18. SUBSEQUENT EVENT

United Way has evaluated events occurring subsequent to the balance sheet date through January 6, 2017 the date the financial statements were available to be issued determining no other events require adjustment to or additional disclosure in the financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
United Way of Southern Nevada, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Southern Nevada, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way of Southern Nevada Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southern Nevada Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of Southern Nevada Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Certified Public Accountants  
**20 YEARS & COUNTING**

HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | [www.trustHRC.com](http://www.trustHRC.com)

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Las Vegas, Nevada  
January 6, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
United Way of Southern Nevada, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited United Way of Southern Nevada Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Southern Nevada, Inc.'s major federal programs for the year ended June 30, 2016. United Way of Southern Nevada, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of United Way of Southern Nevada, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Southern Nevada, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Southern Nevada, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, United Way of Southern Nevada, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

Certified Public Accountants  
**20 YEARS & COUNTING**

United Way of Southern Nevada, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United Way of Southern Nevada, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of United Way of Southern Nevada, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Southern Nevada, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Southern Nevada, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a one deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

United Way of Southern Nevada, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. United Way of Southern Nevada, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Las Vegas, Nevada  
January 6, 2017

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Grantor Agency</u>	<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
Passed through Nevada Volunteers:					
Corporation for National and Community Service	AmeriCorp Program	94.006	13AFHNV001	\$ 308,761	\$ -
Corporation for National and Community Service	AmeriCorp VISTA	94.013	12VSPNV003	190,091	-
Passed through State of Nevada: Department of Education	Preschool Development Grant Nevada Ready Grant	84.419A	S419A150004	891,505	745,008
				<u>\$ 1,390,357</u>	<u>\$ 745,008</u>

See notes to financial statements

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of United Way of Southern Nevada, Inc., under programs of the federal government for the year ended June 30, 2016 in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of United Way of Southern Nevada, Inc. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. United Way of Southern Nevada, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

**NOTE 3. PASS-THROUGH AWARDS**

United Way of Southern Nevada, Inc. received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

1. The auditor's report expresses an unmodified opinion on the financial statements of United Way of Southern Nevada, Inc.
2. No instances of a material weakness related to the audit of the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of United Way of Southern Nevada, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

*Federal Awards*

1. One significant deficiency relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
2. The auditor's report on compliance for United Way of Southern Nevada, Inc. expresses an unmodified opinion.
3. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
4. The program tested as major programs was the Department of Education, Preschool Development Grant, CFDA Number 84.419A.
5. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
6. United Way of Southern Nevada, Inc. qualifies as a low-risk auditee.

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

2016-001 Documentation for eligibility compliance requirement – Department of Education, Preschool Development Grant, CFDA number 84.419A, passed through State of Nevada.

*Criteria:* The Preschool Development grant has financial eligibility requirements that the applicant's family income must meet in order to receive the services provided by the grant.

*Condition:* A subrecipient of the Organization used the free and reduced lunch form to determine eligibility. This form does not require proof of financial information.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2016**

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT  
(CONTINUED)**

*Cause:* The Organization relied on the subrecipient to determine eligibility. The subrecipient used a form which did not require the applicant's family to submit proof of financial information.

*Effect:* There may be children that are receiving services that do not meet the financial eligibility requirement.

*Questioned Costs:* Unknown

*Perspective information:* The finding represents a systemic problem, not an isolated instance.

*Identification of repeat findings:* The finding was not a repeat of a prior year finding.

*Recommendation:* We recommend the Organization receive documentation of proof of financial eligibility from the subrecipient's applicants.

*Management's response:* We agree with the auditors' comments, the Organization relied on a subrecipient to determine eligibility for an applicant's family, in order to receive services provided by the grant. The subrecipient used a form which did not require the applicant's family to submit proof of financial eligibility. Management is aware that documentation of proof of financial eligibility must be submitted by the applicant's family, to the subrecipient and forwarded to the Organization. Management has implemented a procedure that requires review and approval of the applicant's family's financial eligibility documentation as a prerequisite to the Organization reimbursing the subrecipient from grant funds.

**FINDINGS AND QUESTIONED COSTS-FINANCIAL STATEMENT AUDIT**

None.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2016**

**PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

2015-001 Control system over eligibility compliance requirement – Corporation for National and Community Service, AmeriCorps Program, CFDA number 94.006, passed through Nevada Volunteers.

*Criteria:* The AmeriCorp Program requires that background checks be initiated prior to the AmeriCorp member's start date.

*Condition:* The Organization's review procedures did not detect that an incorrect date was used for one background check (out of 8).

*Cause:* The Organization did not have proper review procedures in place to detect that the background check was initiated after the AmeriCorp member's enrollment date. The enrollment date for the member was September 3, 2013 and the background check was performed on September 6, 2013.

*Effect:* The Organization could be potentially putting at risk vulnerable populations at the Organizations they are serving.

*Questioned Costs:* None

*Recommendation:* Management should implement sufficient review procedures during the eligibility process to determine that the background checks were implemented prior to the enrollment date for the AmeriCorp member.

*Management's response:* We agree with the auditors' comments, the Organization assumed that the background check was performed timely, by providing the AmeriCorp member with the paperwork prior to their enrollment date. Management is aware that the background check must be initiated by the AmeriCorp member prior to their enrollment date, for it to be performed timely. Management has implemented a procedure that requires review of all new AmeriCorp members to ensure that background checks are initiated prior to their enrollment date. The procedure requires the completion of a pre-enrollment checklist for each new member. The new procedure is currently in effect.

*Current status:* The Organization implemented procedures to prevent the member starting before all background checks have been initiated.

**PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

2015-002 The Organization has failed to maintain adequate funds to cover temporarily restricted net asset balance.

*Criteria:* Organizations are required to maintain an appropriate composition of assets in amounts needed to comply with all donor restrictions.

*Condition:* The Organization has failed to maintain adequate funds to cover temporarily restricted net assets. Funds are short by \$300,477.

**UNITED WAY OF SOUTHERN NEVADA, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**  
**JUNE 30, 2016**

**PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

*Cause:* The Organization's operating expenses exceeded their unrestricted funds.

*Effect:* The Organization is using restricted fund balances for operations. As a result, they are not using restricted funds for their intended purpose.

*Questioned Costs:* None

*Recommendation:* Management should implement a plan which increases cash flow to cover the shortfall in the restricted balance.

*Management's response:* We agree with the auditors' comments. The underfunding issue is due to reduced revenue from one-time donors and reduced unrestricted campaign revenue due to large corporate donor decisions to reduce staffing and/or eliminating operations in Southern Nevada, impacting unrestricted cash position for the Organization. As part of the 2015/16 budget, management implemented a plan that increases cash flow. Senior Management took action to further control and reduce operating expenses and other expenditures. In addition, new revenue opportunities have been identified and put into action for the 2015/16 fiscal year.

*Current status:* The Organization drew on a line of credit to cover the underfunded amount.