

United Way of El Paso County

Financial Statements
for the Years Ended March 31, 2016
and 2015 and Independent Auditor's Report

UNITED WAY OF EL PASO COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of United Way of El Paso County

We have audited the accompanying financial statements of United Way of El Paso County (a nonprofit organization), which comprise the statements of financial position as of March 31, 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 opinions 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of El Paso County as of March 31, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2016, on our consideration of United Way of El Paso County'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 El Paso County's internal control over financial reporting and compliance.

Strickler & Pizito, LLP

July 13, 2016

UNITED WAY OF EL PASO COUNTY

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2016 AND 2015

ASSETS:	2016	2015
Cash and cash equivalents	\$ 1,782,903	\$ 1,802,472
Pledges receivable, net of allowance of \$425,601 and \$479,588, respectively	2,057,732	2,157,792
Grant and other receivables	220,742	161,863
Other assets	42,300	38,641
	<hr/>	<hr/>
Total current assets	4,103,677	4,160,768
Furniture and equipment–Net	210,371	180,946
	<hr/>	<hr/>
TOTAL	\$ 4,314,048	\$ 4,341,714
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LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts payable	\$ 26,702	\$ 38,578
Deferred revenue	6,800	-
Accrued compensated absences	39,619	43,530
Allocations payable	327,841	316,550
Designations payable	607,520	676,271
	<hr/>	<hr/>
Total liabilities	1,008,482	1,074,929
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted	2,959,071	2,937,765
Temporarily restricted	346,495	329,020
	<hr/>	<hr/>
Total net assets	3,305,566	3,266,785
	<hr/>	<hr/>
TOTAL	\$ 4,314,048	\$ 4,341,714
	<hr/>	<hr/>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Public support:			
Campaign efforts	\$ 3,122,724	\$ -	\$ 3,122,724
Less: Donor designations	(685,829)	-	(685,829)
Less: Provision for uncollectible pledges	(232,463)	-	(232,463)
Total public support	<u>2,204,432</u>	<u>-</u>	<u>2,204,432</u>
Other contributions and revenue:			
Federal and state grant income	786,161	-	786,161
Grant income	81,571	283,807	365,378
Other donations	77,725	-	77,725
Administrative income	83,079	-	83,079
Interest income	4,857	-	4,857
Other income	7,014	-	7,014
Other contributions released from restriction	266,332	(266,332)	-
Total other contributions and revenue	<u>1,306,739</u>	<u>17,475</u>	<u>1,324,214</u>
Total revenue	<u>3,511,171</u>	<u>17,475</u>	<u>3,528,646</u>
EXPENSES:			
Program services			
Gross funds awarded/distributed	685,829	-	685,829
Less: donor designations	(685,829)	-	(685,829)
Net funds awarded/distributed	-	-	-
Education (Helping Children Succeed)	1,672,672	-	1,672,672
Basic Needs (Building Strong Families)	883,770	-	883,770
Income (Increasing Financial Stability)	115,274	-	115,274
United Way Programs	172,253	-	172,253
Total program services	<u>2,843,969</u>	<u>-</u>	<u>2,843,969</u>
Support services:			
Management and general	359,699	-	359,699
Fundraising	286,197	-	286,197
Total support services	<u>645,896</u>	<u>-</u>	<u>645,896</u>
Total expenses	<u>3,489,865</u>	<u>-</u>	<u>3,489,865</u>
Change in net assets	21,306	17,475	38,781
Net assets, beginning of year	<u>2,937,765</u>	<u>329,020</u>	<u>3,266,785</u>
Net assets, end of year	<u>\$ 2,959,071</u>	<u>\$ 346,495</u>	<u>\$ 3,305,566</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Public support:			
Campaign efforts	\$ 3,338,121	\$ -	\$ 3,338,121
Less: Donor designations	(760,386)	-	(760,386)
Less: Provision for uncollectible pledges	(244,883)	-	(244,883)
Total public support	<u>2,332,852</u>	<u>-</u>	<u>2,332,852</u>
Other contributions and revenue:			
Federal grant income	638,148	-	638,148
Grant income	94,525	364,820	459,345
Other donations	5,300	-	5,300
Administrative income	71,793	-	71,793
Interest income	2,219	-	2,219
Other income	3,278	-	3,278
Other contributions released from restriction	251,044	(251,044)	-
Total other contributions and revenue	<u>1,066,307</u>	<u>113,776</u>	<u>1,180,083</u>
Total revenue	<u>3,399,159</u>	<u>113,776</u>	<u>3,512,935</u>
EXPENSES:			
Program services			
Gross funds awarded/distributed	760,386	-	760,386
Less: donor designations	(760,386)	-	(760,386)
Net funds awarded/distributed	-	-	-
Education (Helping Children Succeed)	1,323,649	-	1,323,649
Basic Needs (Building Strong Families)	1,217,375	-	1,217,375
Income (Increasing Financial Stability)	116,331	-	116,331
United Way Programs	141,961	-	141,961
Total program services	<u>2,799,316</u>	<u>-</u>	<u>2,799,316</u>
Support services:			
Management and general	338,629	-	338,629
Fundraising	299,276	-	299,276
Total support services	<u>637,905</u>	<u>-</u>	<u>637,905</u>
Total expenses	<u>3,437,221</u>	<u>-</u>	<u>3,437,221</u>
Change in net assets	(38,062)	113,776	75,714
Net assets, beginning of year	<u>2,975,827</u>	<u>215,244</u>	<u>3,191,071</u>
Net assets, end of year	<u>\$ 2,937,765</u>	<u>\$ 329,020</u>	<u>\$ 3,266,785</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2016

	PROGRAM SERVICES															
	Education (Helping Children Succeed)				Basic Needs (Building Strong Families)			Income (Increasing Financial Stability)					Volunteer Action Center	Young Leaders Society	Total Program Services	
	Community Investment	Parents as Teachers	IGNITE Initiative	3rd Grade Reading Initiative	Community Investment	Enroll El Paso	FEMA	Community Investment	My Free Taxes/ Financial Stability	Community Impact Funding Process	Youth Engagement	Community Engagement				
Community Impact Program Funding	\$ 437,450	\$ -	\$ -	\$ -	\$ 802,750	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295,200
Other program funding	434	-	-	-	2,500	2,500	-	-	-	-	-	-	-	-	-	5,434
	<u>437,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805,250</u>	<u>2,500</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,634</u>
Salaries	25,764	395,767	50,000	1,309	13,181	17,433	2,760	6,549	3,004	20,889	28,288	53,157	11,385	5,521	635,007	
Employee benefits	4,156	73,022	5,203	52	1,528	2,277	130	1,102	248	2,165	4,671	4,552	1,883	90	101,079	
Payroll taxes	2,338	55,023	4,365	100	1,040	1,577	222	517	230	1,628	2,693	4,645	1,242	431	76,051	
Total salaries and related expenses	<u>32,258</u>	<u>523,812</u>	<u>59,568</u>	<u>1,461</u>	<u>15,749</u>	<u>21,287</u>	<u>3,112</u>	<u>8,168</u>	<u>3,482</u>	<u>24,682</u>	<u>35,652</u>	<u>62,354</u>	<u>14,510</u>	<u>6,042</u>	<u>812,137</u>	
Occupancy	4,366	53,754	717	-	909	-	546	819	-	1,364	2,183	2,729	854	455	68,696	
Printing and publications	58	1,966	2,522	229	189	27	-	71	2,674	2	-	112	327	8	8,185	
Living stipend	-	216,021	-	-	-	-	-	-	-	-	-	-	-	-	216,021	
Staff development	84	46,180	3,256	-	-	1,246	-	649	-	-	-	-	-	-	51,415	
Professional fees	1,281	56,887	67,115	-	784	23,670	126	190	16,729	370	503	867	413	128	169,063	
Donor recognition	-	-	-	-	325	-	-	-	-	548	-	-	-	-	873	
Travel	250	56,113	606	164	49	443	72	202	57	92	89	46	368	102	58,653	
Postage and shipping	25	498	11	-	10	-	7	-	-	-	-	46	-	-	597	
Supplies	166	27,590	489	1,174	2,965	49	1	21	99	228	-	481	709	40	34,012	
Conferences, conventions and meetings	1,094	261	6,983	12,611	259	1,909	280	19,455	6,935	377	5,493	332	112	2,212	58,313	
Rental and maintenance of equipment	311	3,436	-	-	65	-	39	58	-	97	155	195	58	32	4,446	
Telephone and internet	362	9,495	51	-	76	721	45	68	-	113	204	227	753	38	12,153	
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	51	51	
Miscellaneous	-	485	-	-	-	-	-	-	-	-	-	-	-	-	485	
Insurance expense	330	3,647	-	-	69	-	41	62	-	103	165	205	62	34	4,718	
Membership dues	1,572	17,371	-	-	327	-	196	295	-	491	786	982	295	164	22,479	
Total expenses before depreciation	<u>42,157</u>	<u>1,017,516</u>	<u>141,318</u>	<u>15,639</u>	<u>21,776</u>	<u>49,352</u>	<u>4,465</u>	<u>30,058</u>	<u>29,976</u>	<u>28,467</u>	<u>45,230</u>	<u>68,576</u>	<u>18,461</u>	<u>9,306</u>	<u>1,522,297</u>	
Depreciation of furniture and equipment	<u>4,013</u>	<u>14,145</u>	<u>-</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>160</u>	<u>240</u>	<u>-</u>	<u>400</u>	<u>640</u>	<u>800</u>	<u>240</u>	<u>133</u>	<u>21,038</u>	
Total net allocations and expenses	<u>\$ 484,054</u>	<u>\$ 1,031,661</u>	<u>\$ 141,318</u>	<u>\$ 15,639</u>	<u>\$ 827,293</u>	<u>\$ 51,852</u>	<u>\$ 4,625</u>	<u>\$ 85,298</u>	<u>\$ 29,976</u>	<u>\$ 28,867</u>	<u>\$ 45,870</u>	<u>\$ 69,376</u>	<u>\$ 18,701</u>	<u>\$ 9,439</u>	<u>\$ 2,843,969</u>	

(CONTINUED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2016

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total</u>
Community Impact Program Funding	\$ -	\$ -	\$ -	\$ 1,295,200	\$ 1,295,200
Other program funding	-	-	-	5,434	5,434
	-	-	-	1,300,634	1,300,634
Salaries	225,580	160,732	386,312	635,007	1,021,319
Employee benefits	43,214	23,960	67,174	101,079	168,253
Payroll taxes	22,703	14,325	37,028	76,051	113,079
Total salaries and related expenses	291,497	199,017	490,514	812,137	1,302,651
Occupancy	15,461	13,053	28,514	68,696	97,210
Printing and publications	1,024	26,688	27,712	8,185	35,897
Living stipend	-	-	-	216,021	216,021
Staff development	10,570	-	10,570	51,415	61,985
Professional fees	7,034	7,788	14,822	169,063	183,885
Donor recognition	617	5,625	6,242	873	7,115
Travel	673	3,659	4,332	58,653	62,985
Postage and shipping	618	3,279	3,897	597	4,494
Supplies	3,253	3,855	7,108	34,012	41,120
Conferences, conventions and meetings	5,571	2,738	8,309	58,313	66,622
Rental and maintenance of equipment	1,101	929	2,030	4,446	6,476
Telephone and internet	1,284	1,084	2,368	12,153	14,521
Bank charges	7,943	2,437	10,380	51	10,431
Miscellaneous	-	1,802	1,802	485	2,287
Insurance expense	1,344	987	2,331	4,718	7,049
Membership dues	7,176	4,799	11,975	22,479	34,454
Total expenses before depreciation	355,166	277,740	632,906	1,522,297	2,155,203
Depreciation of furniture and equipment	4,533	8,457	12,990	21,038	34,028
Total net allocations and expenses	\$ 359,699	\$ 286,197	\$ 645,896	\$ 2,843,969	\$ 3,489,865

(CONCLUDED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2015

	PROGRAM SERVICES															
	Education (Helping Children Succeed)				Basic Needs (Building Strong Families)			Income (Increasing Financial Stability)			United Way Programs					
	Community Investment	Parents as Teachers	IGNITE Initiative	3rd Grade Reading Initiative	Community Investment	Enroll El Paso	FEMA	Community Investment	My Free Taxes/Financial Stability	Community Services	Community Impact Funding Process	Youth Engagement	Community Engagement	Volunteer Action Center	Young Leaders Society	Total Program Services
Community Impact Program Funding	\$ 437,450	\$ -	\$ -	\$ -	\$ 802,750	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295,200
Other program funding	-	-	-	-	2,500	13,500	-	8,350	-	-	-	-	-	-	-	24,350
	437,450	-	-	-	805,250	13,500	-	63,350	-	-	-	-	-	-	-	1,319,550
Salaries	71,120	226,828	22,000	10,272	30,389	202,874	5,182	18,694	756	22,253	11,738	11,805	17,266	18,667	5,544	675,388
Employee benefits	5,553	38,695	1,760	1,688	1,038	17,563	540	713	22	3,891	928	2,020	5,297	1,964	447	82,119
Payroll taxes	7,205	33,211	2,166	801	9,742	18,494	403	1,465	61	1,838	928	814	1,542	1,877	461	81,008
Total salaries and related expenses	83,878	298,734	25,926	12,761	41,169	238,931	6,125	20,872	839	27,982	13,594	14,639	24,105	22,508	6,452	838,515
Occupancy	36,670	2,217	1,252	-	20,322	3,417	350	1,054	-	825	688	-	3,575	1,283	413	72,066
Printing and publications	1	1,071	276	86	799	7,660	-	1	891	274	3	42	98	78	11	11,291
Living stipend	-	136,255	-	-	-	-	-	-	-	-	-	-	-	-	-	136,255
Staff development	100	66,745	4,717	624	-	5,216	-	306	-	711	-	1,881	-	-	-	80,300
Professional fees	33,348	9,798	57,523	-	6,211	6,374	-	272	15,302	213	178	-	926	332	107	130,584
Donor recognition	-	93	-	-	-	-	-	-	-	-	94	-	-	-	-	187
Travel	612	20,898	203	-	49	5,028	17	74	33	150	-	361	287	24	9	27,745
Postage and shipping	1	158	-	-	4	67	95	-	-	78	-	20	-	-	-	423
Supplies	129	6,205	1,186	-	922	2,363	-	6	15	453	13	-	384	289	40	12,005
Conferences, conventions and meetings	700	4,313	2,327	37,662	343	27,131	274	226	12,118	191	315	9,431	183	43	1,627	96,884
Rental and maintenance of equipment	2,621	-	-	-	1,477	223	1	75	-	60	49	-	256	92	29	4,883
Telephone and internet	2,787	2,696	141	-	1,603	6,101	29	80	-	67	53	-	354	725	34	14,670
Bank charges	718	-	-	-	308	-	-	20	-	15	14	76	70	25	8	1,254
Miscellaneous	50	1,200	-	402	-	-	-	-	-	-	-	-	-	-	-	1,652
Insurance expense	2,803	-	-	-	1,580	-	-	81	-	63	53	-	273	98	32	4,983
Membership dues	13,899	-	-	-	7,837	-	-	400	-	313	260	-	1,355	487	156	24,707
Total expenses before depreciation	178,317	550,383	93,551	51,535	82,624	302,511	6,891	23,467	29,198	31,395	15,314	26,450	31,866	25,984	8,918	1,458,404
Depreciation of furniture and equipment	12,815	-	-	-	6,197	-	-	316	-	247	206	-	1,072	385	124	21,362
Total net allocations and expenses	\$ 628,582	\$ 550,383	\$ 93,551	\$ 51,535	\$ 894,071	\$ 316,011	\$ 6,891	\$ 87,133	\$ 29,198	\$ 31,642	\$ 15,520	\$ 26,450	\$ 32,938	\$ 26,369	\$ 9,042	\$ 2,799,316

(CONTINUED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES (CONTINUED) FOR THE YEAR ENDED MARCH 31, 2015

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total</u>
Community Impact Program Funding	\$ -	\$ -	\$ -	\$ 1,295,200	\$ 1,295,200
Other program funding	-	-	-	24,350	24,350
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,319,550</u>	<u>1,319,550</u>
Salaries	211,174	181,111	392,285	675,388	1,067,673
Employee benefits	37,273	18,618	55,891	82,119	138,010
Payroll taxes	28,499	16,754	45,253	81,008	126,261
Total salaries and related expenses	<u>276,946</u>	<u>216,483</u>	<u>493,429</u>	<u>838,515</u>	<u>1,331,944</u>
Occupancy	15,493	11,001	26,494	72,066	98,560
Printing and publications	309	27,906	28,215	11,291	39,506
Living stipend	-	-	-	136,255	136,255
Staff development	6,094	4,771	10,865	80,300	91,165
Professional fees	4,235	5,739	9,974	130,584	140,558
Donor recognition	812	8,559	9,371	187	9,558
Travel	762	6,650	7,412	27,745	35,157
Postage and shipping	585	1,780	2,365	423	2,788
Supplies	3,355	1,429	4,784	12,005	16,789
Conferences, conventions and meetings	3,513	3,011	6,524	96,884	103,408
Rental and maintenance of equipment	1,388	786	2,174	4,883	7,057
Telephone and internet	1,233	886	2,119	14,670	16,789
Bank charges	2,842	300	3,142	1,254	4,396
Miscellaneous	9,145	1,666	10,811	1,652	12,463
Insurance expense	1,302	841	2,143	4,983	7,126
Membership dues	5,971	4,170	10,141	24,707	34,848
Total expenses before depreciation	<u>333,985</u>	<u>295,978</u>	<u>629,963</u>	<u>1,458,404</u>	<u>2,088,367</u>
Depreciation of furniture and equipment	4,644	3,298	7,942	21,362	29,304
Total net allocations and expenses	<u>\$ 338,629</u>	<u>\$ 299,276</u>	<u>\$ 637,905</u>	<u>\$ 2,799,316</u>	<u>\$ 3,437,221</u>

(CONCLUDED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 38,781	\$ 75,714
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,026	29,304
Change in assets and liabilities:		
Pledges receivable	100,059	(215,695)
Grants and other receivable	(58,879)	(49,390)
Receivable from SCCFC	-	28,042
Other assets	(3,659)	(8,166)
Accounts payable	(11,876)	(2,648)
Deferred revenue	6,800	-
Accrued compensated absences	(3,911)	(18,966)
Allocations payable	11,291	(4,067)
Designations payable	(68,751)	185,453
	<u>43,881</u>	<u>19,581</u>
Net cash provided by operating activities	<u>43,881</u>	<u>19,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	<u>(63,450)</u>	<u>(8,200)</u>
	<u>(63,450)</u>	<u>(8,200)</u>
Net cash used in investing activities	<u>(63,450)</u>	<u>(8,200)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,569)	11,381
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,802,472</u>	<u>1,791,091</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,782,903</u>	<u>\$ 1,802,472</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

1. ORGANIZATION AND BUSINESS

United Way of El Paso County (the "Agency") was incorporated in 1957 as a nonprofit agency and is governed by volunteer board of directors. The mission of the agency is to improve the lives of El Paso families through the caring power of our community. United Way of El Paso County also administers the State, County and City Employees Charitable Campaigns.

Community Impact Program

The Community Impact program represents contributions to the Agency that have not been designated by donors to specific agencies. Approximately 100 volunteers, representing the entire community, evaluate each program/service application and visit the agency for a presentation. The volunteers consider community/client needs, community priorities, program/service effectiveness and outcomes, efficiency and fiscal responsibility of the agency, management/organizational capacity and the availability of funds in their decision making process. The volunteers' funding recommendations are then forwarded to the Board of Directors of United Way of El Paso County. The Board approves the total allocation each program/service will receive.

Community Building

Accomplishing more by working with others in the community including business, labor, other nonprofits, academia, faith-based, media, elected officials, neighborhood networks, volunteers, and donors to build on shared vision of a stronger El Paso.

Community Services

Assisting the public through information and referral services and other social services.

IGNITE Initiative

In 2014, the Agency received funding to serve as the Organizing Agency for Paso del Norte Health Foundation's IGNITE Initiative. Aligned with the Agency's goal to improve opportunities for youth, the Paso del Norte Health Foundation's IGNITE initiative is focused on engaging disconnected youth between the ages of 7 and 18 years in out-of-school programs in El Paso and Hudspeth counties in Texas, New Mexican counties Dona Ana, Luna and Otero; and Ciudad Juarez, Mexico.

3rd Grade Reading Initiative

Third grade reading proficiency is the most important predictor of high school graduation. 74% of students who fail to read proficiently by the end of third grade often drop out before earning a high school diploma. The Agency's reading initiative is a targeted effort to increase the percentage of 3rd graders reading at grade level. Funded by a generous \$50,000 grant from Wells Fargo, the Agency will partner with local school districts to pilot two reading/literacy efforts-*Summer Slide Book Distribution* where students select summer "reading bundles" intended to help children build personal libraries and collect resources for a text-rich home environment and a *Summer Reading Intervention Camp* for struggling readers in kindergarten through third grade to determine best intervention techniques to improve fluency and phonemic awareness.

Enroll El Paso

United Way of El Paso served as the lead agency for Enroll El Paso, a community-wide collaboration created to support outreach efforts of the Affordable Care Act. The Coalition was able to assist thousands of El Pasoans to become informed about the new health insurance programs or sign up for health insurance themselves.

Volunteer Action Center (VAC)

The VAC matches volunteers with non profit organizations in need of helping hands. The volunteer opportunities may be one time, daily, weekly, monthly or in time of emergency.

Parents as Teachers

The Agency joined forces with several local agencies to empower and educate parents of children ages birth to kindergarten through the Parents as Teachers Program (PAT). Facilitated through funding from the Project Healthy Outcomes through Prevention and Early Support (HOPES) and Corporation for National Community Service (CNCS) through OneStar Foundation, PAT offers enrolled families an AmeriCorps Parent Educator or HOPES Parent Educator who provides support for the parent and child. This evidence-based home visitation program believes all parents are their child's first educator and works to increase their knowledge of early childhood development and parenting. PAT tracks the child's milestones by age and assesses the family's well-being to develop its strengths.

Alternative Spring Break

During Spring Break 2016, the Agency welcomed 16 college students from across the nation to the life-changing Alternative Spring Break program. As part of the week-long program, students rolled up their sleeves and helped the Lower Valley Housing Corporation build homes for low-income El Paso families. The 8th troupe to participate traveled from schools such as Boston University, Notre Dame, Western Kentucky University and the University of Georgia, to name a few. Participants also had the opportunity to experience the culture and history of El Paso by visiting landmarks such as Ft. Bliss, The Mustard Seed Café and the University of Texas at El Paso with the help of three student leaders from UTEP and El Paso Community College. The trip also included a hike up the Franklin Mountains with former City Council member Susie Byrd.

Financial Stability

Funded by a generous \$20,000 grant from United Way Worldwide and Walmart, United Way of El Paso County has helped many individuals keep more of their money with the self-preparation tax tool, MyFreeTaxes.com. The online tool allowed taxpayers to self-file for free using a simple step by-step process that includes free telephone, email and online chat support from IRS-certified specialists. This tax filing season, United Way partnered with Canutillo ISD. At Canutillo High School, on six Saturdays, students who were IRS certified tax preparers, provided in-person MyFreeTaxes assistance to local residents

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the United Way of El Paso County include the State, County and City Employees Charitable Campaigns. All intercompany transactions have been eliminated.

Basis of Accounting Presentation—The accompanying financial statements are presented on the accrual basis of accounting and conform with accounting principles generally accepted in the United States of America. The Agency adopted FASB Accounting Standards Codification (ASC) 958-205 - “Presentation of Financial Statements”. Under ASC 958-205, net assets, revenues and expenses, and gains and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets—Unrestricted net assets are those net assets not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. Net assets received and expended within the reporting period are reported in the statement of activities as unrestricted support or revenue.

Temporarily Restricted Net Assets—Temporarily restricted net assets are those net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Permanently Restricted Net Assets—Permanently restricted net assets are those net assets resulting from contributions where the donor’s intention is that the principal be maintained in perpetuity.

Cash and Cash Equivalents—The Agency considers all cash accounts, money market accounts, certificates of deposit and other short-term highly liquid investments to be cash equivalents.

Functional Expense Allocation—Functional expenses have been allocated among program, management and general and fundraising, based upon direct charges and expense allocations using the distribution of staff time.

Pledges Receivable—Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Grants Receivable—The Agency has several grants that are reimbursement grants. All grant receivables are believed to be collectible within the next year.

Restricted and Unrestricted Support and Revenue—Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets. When a restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Donor Designations—Donors to the campaign may designate all or part of their contributions to specific agencies. For accounting purposes, these specific designations are not considered to be part of the allocations to agencies' amounts and are deducted from the campaign amount available to United Way of El Paso County. United Way of El Paso County does not provide fiscal or program oversight for funds designated to a specific agency. The United Way of El Paso County honors these designations made to the agencies. A deduction is made from the designations for the cost of fundraising.

Allocations to Agencies—The Agency considers its allocations to agencies, beginning with the most recent campaign, as a statement of intent rather than a pledge.

Processing and Fundraising Fees Policy—As United Way of El Paso County has moved away from a traditional model of primarily fundraising for local agencies to a mission focused on achieving measurable change in community conditions through funding, collaboration and advocacy, a policy of cost recovery on donor-designated contributions is prudent. The standard administrative fee for funds raised on behalf of other non-profit agencies in the private sector is 5% of the pledge amount. Designated agencies in the public campaigns (city, county, state and federal) are assessed their percentage share of the administration and fundraising costs.

Volunteer Services—Volunteers have donated time toward the annual campaigns and various program activities. The value of these services is not shown in the financial statements, as there is no clearly measurable basis upon which to value these services.

Allowance for Uncollectible Pledges—The allowance for uncollectible pledges for 2016 and 2015 is approximately 8%, respectively, of total projected United Way campaign pledges. All pledges are expected to be collected in less than one year. Provision for uncollectible is computed based upon management estimates of current economic factors, applied to gross campaign, including donor designations.

In-Kind Contributions—In-kind contributions, which are donations of materials, supplies, and equipment, are recognized as support and expenses in the Statements of Activities in the applicable campaign year. In-kind contributions are recorded at their estimated fair market value at the date of receipt.

Furniture and Equipment—Furniture and equipment are recorded at cost when purchased. Donated assets are recorded as support at their fair market value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Capital expenditures and donated depreciable assets in excess of \$1,000 and with an expected useful life of greater than one year are capitalized and depreciated using the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized as revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes—The Agency is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no liability or provision for federal income taxes is included in the accompanying financial statements.

The Agency's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Advertising—Advertising costs are expensed as incurred. Advertising costs are incurred for specific programs and funded by grants received for those programs. Advertising expense was \$9,831 and \$25,339 for the years ended March 31, 2016 and 2015, respectively.

Management's 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Analysis for Impairment—Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such assets at March 31, 2016 and 2015.

Concentration of Credit Risk—Financial instruments which potentially subject the Agency to a concentration of credit risk consist primarily of cash investments and accounts receivable. The Agency maintains cash deposits in banks which from time to time exceed the amount of federal insurance available. Management assesses the financial condition of these banks and believes that the possibility of any credit loss is minimal.

Compliance with United Way Worldwide—United Way of Worldwide has established best practice standards, for which adherence to the standards is a condition of membership to United Way Worldwide. United Way of El Paso County pledges commitment to comply with those standards, including the cost deductions standards.

Subsequent Events—Management has evaluated subsequent events through July 13, 2016, the date which the financial statements were available to be issued.

3. PLEDGES RECEIVABLE

Pledges receivable are comprised of the following at March 31, 2016 and 2015:

	2016	2015
2015 Campaign	\$ 2,295,119	\$ -
2014 Campaign	188,214	2,398,636
2013 Campaign	-	238,744
	<hr/>	<hr/>
Total	2,483,333	2,637,380
Less allowance for uncollectible pledges	<u>(425,601)</u>	<u>(479,588)</u>
Pledges receivable, net	<u>\$ 2,057,732</u>	<u>\$ 2,157,792</u>

4. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at March 31, 2016 and 2015:

	Estimated Useful Lives (Years)	2016	2015
Furniture and equipment	5-10	\$ 356,891	\$ 293,440
Less accumulated depreciation		<u>(146,520)</u>	<u>(112,494)</u>
Total		<u>\$ 210,371</u>	<u>\$ 180,946</u>

Depreciation expense was \$34,026 and \$29,304 for the years ended March 31, 2016 and 2015, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at March 31, 2016 and 2015:

	2016	2015
Walmart Grant	\$ 46,716	\$ 42,103
Bank of America	4,000	7,500
Wells Fargo	83,621	49,260
Johnson Controls Service Project	500	-
Paso del Norte Foundation Challenge Fund	7,687	18,737
JP Morgan Chase	34,430	45,249
TG Grant	8,057	8,057
EDI Grant	19,621	19,620
Child Spree	254	504
Kid's Way initiative	14,776	15,236
Money Smart Week	21,855	22,974
Global Youth Services Day	1,947	-
IGNITE Initiative	99,651	97,069
3M	3,380	1,800
YWCA	-	911
Total	<u>\$ 346,495</u>	<u>\$ 329,020</u>

Net assets released from restrictions consisted of the following as of March 31, 2016 and 2015:

	2016	2015
Walmart Grant	\$ 15,386	\$ 10,075
Bank of America	3,500	3,500
Paso Del Norte Health Foundation	-	27,146
Paso del Norte Foundation Challenge Fund	26,051	26,263
Johnson Controls Service Project	1,500	-
Money Smart Week	19,369	6,468
Global Youth Services Day	52	2,394
Kid's Way Initiative	9,000	9,000
IGNITE Initiative	153,857	102,825
Wells Fargo	15,639	50,740
YWCA	10,909	9,091
JP Morgan Chase	10,819	3,542
Childspree	250	-
	<hr/>	<hr/>
Total	\$ 266,332	\$ 251,044

6. COMMUNITY IMPACT FUNDED PROGRAM

Community Impact Fund allocations consisted of the following as of March 31, 2016 and 2015:

	2016	2015
Alzheimer's Association Star Chapter - El Paso	\$ 13,000	\$ 13,000
American Red Cross, El Paso Chapter	28,000	26,600
Avance, Inc.	85,500	85,500
Big Brothers Big Sisters of El Paso	15,500	15,500
Boy Scouts of America, Yucca Council	41,200	41,200
Boy and Girls Clubs of El Paso	75,000	75,000
CASA (Court Appointed Special Advocates)	40,000	40,000
Catholic Counseling Services	24,000	24,000
Center Against Sexual & Family Violence	82,000	78,000
Centro San Vicente	25,000	22,000
Child Crisis Center of El Paso	42,000	42,000
Diocesan Migrant and Refugee Services, Inc.	18,000	16,872
El Paso Center for Children, Inc.	66,000	62,000
El Paso Child Guidance Center	55,000	50,000
El Paso Diabetes Association	18,000	15,000
El Pasoans Fighting Hunger Food Bank	42,500	36,000
Family Service of El Paso	35,000	35,000
Girl Scouts of the Desert Southwest	35,000	35,000
Villa Maria	16,000	-
Jewish Family and Children's Service	25,000	25,000
Kids Excel	25,000	25,000
Kid's Way	29,000	29,000
Las Americas Immigrant Advocacy Center	-	10,778
Opportunity Center for the Homeless	91,250	89,000

Paso Del Norte Children's Development Center	67,500	67,500
Project Vida	96,750	95,750
Salvation Army	18,500	64,000
Reynolds House Non-Profit Corporation	24,000	-
Society of St. Vincent de Paul	-	18,000
YWCA El Paso del Norte Region	161,500	158,500
	<hr/>	<hr/>
Total	\$ 1,295,200	\$ 1,295,200
	<hr/>	<hr/>

At March 31, 2016, the Agency had allocations payable of \$327,841. This amount was paid out from April 2016 through June 2016.

At March 31, 2015 the Agency had allocations payable of \$316,550. This amount was paid out from April 2015 through June 2015.

7. DONOR DESIGNATIONS

Donor designations consisted of the following at March 31, 2016 and 2015:

	2016	2015
Advocacy Center for the Children of El Paso	9,643	16,697
Aliviane, Inc.	-	(2)
Alzheimer's Association	4,674	6,953
American Red Cross, El Paso Chapter	14,885	28,799
Armed Services Y.M.C.A.	2,226	1,120
Avance, Inc	2,544	3,164
Big Brothers Big Sisters of El Paso	6,273	6,646
Boy Scouts of America, Yucca Council	3,559	5,499
Boy and Girls Clubs of El Paso	8,019	9,397
Candlelighters of the El Paso Area	23,434	26,736
CASA (Court Appointed Special Advocates)	26,181	29,034
Catholic Counseling Services	6,273	8,190
Center Against Family Violence	17,202	22,735
Centro San Vicente	1,041	2,251
Child Crisis Center of El Paso	48,855	53,130
Children's Grief Center of El Paso	6,159	7,300
Diocesan Migrant and Refugee Services, Inc.	8,074	8,081
El Paso Center for Children, Inc.	32,918	31,622
El Paso Child Guidance Center	5,232	3,066
El Paso Diabetes Association	9,109	14,593
El Paso Drive-a-Meal	(131)	1,521
El Pasoans Fighting Hunger Food Bank	28,536	50,721
Family Service of El Paso	2,866	2,438
Fort Bliss Child and Youth Services	287	(155)
Girl Scouts of the Desert Southwest	1,456	2,368
Hospice of El Paso	6,635	16,676
Houchen Community Center	792	1,532
Jewish Family and Children's Service	1,919	1,415
Kids Excel	947	958
Las Americas Immigrant Advocacy Center	3,756	6,704
Opportunity Center for the Homeless	32,386	13,929
Paso Del Norte Children's Development Center	13,529	16,803
Project Amistad	(300)	5,034
Project Vida	5,627	3,586
Reynolds House	2,156	-

Salvation Army	7,017	9,792
Sin Fronteras Organizing Project	(10)	142
Society of St. Vicente de Paul	10,028	11,127
Texas Tech Foundation, Inc.	(217)	219
The Frontera Land Alliance	(21)	120
The Lee & Beulah Moor Children's Home	9,270	7,855
VOLAR Center for Independent Living	719	40
YWCA El Paso del Norte Region	6,896	2,599
Abundant Living Faith Center	100	-
American Cancer Society	611	2,641
American Youth Soccer Organization	260	-
Amyotrophic Lateral Sclerosis (ALS) Association	130	-
Animal Rescue League of El Paso	813	808
Arizona Assembly Hall of Jehovah's Witness	1,258	-
Annunciation House	-	78
Army Emergency Relief	499	48
ASPCA	130	-
Assistance League of El Paso	276	600
Autism Society of America, SW Chapter	-	195
Benavidez-Patterson All Airborne Chapter	-	650
Books are GEMS	-	375
Boys & Girls Club of El Paso Foundation	1,000	-
Boys & Girls Club of America	130	-
Boys & Girls Club of Las Cruces	956	-
Boy Scouts of America, Texas Trails Council	-	300
Calvary Chapel of El Paso	1,500	900
Cancer Services Network, Inc.	-	300
Cathedral High School	120	-
Catholic Diocese of El Paso	-	214
Children's Disabilities Information Coalition (CDIC)	1,145	-
Christian Congregation of Jehovahs Witnesses	-	806
Christian Joy Center of Evangelical Christian Ministries	650	-
Cielo Visa Church	210	288
Communities in Schools	-	104
Cornelia De Lange Syndrome Foundation	854	3,241
COTA Children's Organ Transplant Association	403	-
Down Syndrome Association of El Paso	-	208
El Paso Exploreum	-	120
El Paso Humane Society	2,932	1,437
El Paso State Center	-	240
El Paso Zoological Society	592	500
El Pasoans for Life	290	145
Elinor Zind ECI	-	1,065
Emergence Health Network	-	520
Enchanted Pass Animal Rescue	444	428
Foundation for Diocese - El Paso	-	707
Jehovah's Witnesses Assembly Hall of New Jersey	831	-
Junior Achievement	2,600	-
Lupus Foundation of America, El Paso Branch	148	103
Make a Wish Foundation - El Paso	-	48
March of Dimes	-	143
MD Anderson Cancer Center	130	-
Mile High United Way	-	197

Muscular Dystrophy Association	260	260
Myositis Support and Understanding Association	26	-
National Kidney Foundation of Texas	311	-
Nolan County United Way	-	300
Our Lady of Sorrows	115	113
Place of Purpose	15,470	5,400
Project Bravo	-	260
Range Conservation Foundation	556	900
Rescue Mission of El Paso	-	1,659
Rio Grande Cancer Foundation	1,945	168
Ronald McDonald House of El Paso	3,233	500
Santa Fe Community Foundation	260	-
Senior Nutrition Activities Program	-	300
St. Judes Children's Research Hospital-TX	922	2,365
St. Thomas Aquinas Catholic Church	-	-
Siguiendo los Pasos de Jesus	718	1,474
Sobreviviendo El Cancer/UMC Foundation	3,204	-
Southwest Key Program	-	130
Special Olympics Texas-El Paso	100	-
Susan G. Komen for the Cure Puerto Rico	130	120
The First Tee of Greater El Paso	-	1,000
United States Holocaust Memorial Museum	-	120
United Way of Metropolitan Dallas	1,000	1,206
University Medical Center Foundation of El Paso	1,479	6,444
USO Foundation	-	207
Villa Maria	1,355	1,395
Wounded Warrior Project	-	56
Wounded Warrior Project - Topeka, Kansas	-	627
YMCA of El Paso	636	217
Direct pay designations	139,237	153,586
	<u>560,413</u>	<u>636,651</u>
State Employees Charitable Campaign designations	95,118	79,142
County Employees Charitable Campaign designations	12,874	22,389
City Employees Charitable Campaign designations	17,424	22,204
	<u>125,416</u>	<u>123,735</u>
Total	<u>\$ 685,829</u>	<u>\$ 760,386</u>

Donor designations only relates to designations from the United Way Campaign. Designations payables at March 31, 2016 and 2015 were \$607,520 and \$676,271, respectively. This included designations payable from United Way, the State Employees Charitable Campaign, the County Employees Campaign and the City Employees Charitable Campaign.

United Way of El Paso County does not provide fiscal or program oversight for funds designated to a specific agency.

Direct Pay Designations—While the United Way of El Paso County (UWEPC) is responsible for the overall coordination of workplace giving campaigns in several national corporations, the employee designations to charities other than UWEPC are sent directly to the designated agencies. The national corporations withhold the money from their employees paychecks and remit the withholding directly to the designated agencies. UWEPC does not ever receive those designations nor does it disburse those designations. In accordance with United Way Worldwide policies, UWEPC does report the designations on its statement of activities as both revenue and expense. The amount of direct pay designations that the UWEPC was aware of for the years ended March 31, 2016 and 2015 were \$143,709 and \$156,608, respectively.

8. DEFINED CONTRIBUTION PENSION PLAN

The Agency sponsors a Defined Contribution Pension Plan for the benefit of its employees. The Plan provides for partial vesting after the first year and full vesting after five years of services. Total Plan expenses for the Defined Contribution Pension Plan were \$34,534 and \$19,683 for the years ended March 31, 2016 and 2015, respectively.

9. RELATED PARTY TRANSACTIONS

The Agency was the Principal Combined Fund Organization (PCFO) for Sun Country Combined Federal Campaign (CFC) for the 2012 campaign. The CFC ended in July 2013.

Two board members are employed by financial institutions where the Agency maintains its bank accounts.

The Agency is also the Local Campaign Manager in the El Paso area for the State Employee Charitable Campaign (SECC) which includes eight counties. The official administration of the program is performed by the State Comptroller, who collects the funds and then submits the collected funds to United Way and other federations for distribution.

The Agency also acts as the Campaign Manager for both the El Paso County and the El Paso City Employee Combined Charitable Campaigns (CECC). All monies contributed to the CECC are distributed directly to CECC participating agencies.

Under the arrangements with the above entities, the Agency manages the SECC and CECC campaigns, pays all administrative and campaign expenses, and is reimbursed for expenses incurred on behalf of SECC and CECC. Annual campaigns are conducted from January 1 to December 31 to raise support for designations to member agencies in the subsequent calendar year. Campaign production, expenses for annual campaigns, and administrative expenses are recognized as they are incurred.

SECC and CECC receive reimbursements for campaign and administrative expenses on a pro rata basis from its group of member agencies, of which the Agency is the largest.

The Agency's transactions with SECC, and CECC for March 31, 2016 are as follows:

	SECC	County ECC	City ECC
Pledges receivable	\$ 102,188	\$ 18,766	\$ 18,146
Campaign expenses receivable	42,779	3,998	3,493
Public support to UWEPC	114,061	20,868	20,163
Administrative income	7,820	1,693	1,476

The Agency's transactions with CFC, SECC, and CECC for March 31, 2015 are as follows:

	CFC	SECC	County ECC	City ECC
Pledges receivable	\$ -	\$ 116,374	\$ 20,252	\$ 19,141
Campaign expenses receivable	-	49,580	4,034	3,907
Public support to UWEPC	-	116,374	20,252	19,141
Administrative income	26	7,843	1,926	1,665

10. ECONOMIC DEPENDENCY

The Agency relies exclusively on local public contributions for its services. Therefore, the Agency is significantly affected by economic conditions as well as public perception.

11. COMMITMENTS

The Agency signed an agreement on July 9, 2012 for office space in a new location. The lease is for a period of one hundred twenty-two months and began on February 1, 2013. The lease calls for a monthly rent of \$7,035 for the period beginning on the commencement date and ending sixty months after the commencement date; \$7,341 for the period beginning sixty-one months after the commencement date and ending eighty-four months after the commencement date; and \$7,647 beginning eighty-five months after the commencement date and ending one hundred twenty-two months after the commencement date.

The monthly payment includes occupancy expenses such as rent, utilities, janitorial services, and building and grounds maintenance and supplies. Occupancy expenses for the years ended March 31, 2016 and 2015 totaled \$97,209 and \$98,560, respectively. The lease at the previous location included only rent. The other expenses were paid separately. Office lease expense was \$86,758 and \$85,536 for the years ended March 31, 2016 and 2015, respectively.

Future minimum payments are as follows:

Year Ending March 31

2017	\$	84,422
2018		86,563
2019		88,092
2020		90,233
2021		91,763
Thereafter		<u>145,291</u>
	\$	<u>586,364</u>

12. FEDERAL AND STATE FINANCIAL ASSISTANCE

The Agency has been awarded one federal grant and one state grant in the amount of \$913,734. The grants are considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Revenue and expenses recognized under these grants were \$786,161 and \$638,148 for the year ended March 31, 2016 and 2015.

13. SPECIAL BOARD DESIGNATIONS

During the year ended March 31, 2016, the Agency had no Board designated funds. During the year ended March 31, 2015, the Agency had a total of \$86,244 in special Board designated funds. Of the amount, \$36,244 relates to the bequest. The other \$50,000 is for the Innovation Fund which is typically for a one-time funding of a new and/or innovative effort.

14. SUBSEQUENT EVENTS

The Board of Directors approved approximately \$1.27 million for the allocation process for the 2016-2017 funding cycle.



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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
of United Way of El Paso County

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 El Paso County (a nonprofit organization), which comprise the statement of financial position as of March 31, 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, and have issued our report thereon dated July 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of El Paso County'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 El Paso County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of El Paso County'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 El Paso County'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*.

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.

Strickler & Prieto, LLP

July 13, 2016