

UNITED WAY OF CENTRAL JERSEY, INC.

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2015

UNITED WAY OF CENTRAL JERSEY, INC.

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SECTION 1

UNITED WAY OF CENTRAL JERSEY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015

UNITED WAY OF CENTRAL JERSEY, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Jersey, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the year then ended, and the related notes to the financial statements.

Management 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.

**To the Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Jersey, Inc. as of December 31, 2015, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards, as required by the State of New Jersey Office of Management and Budget Circular 15-08-OMB, ***Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid***, is presented for purposes of additional analysis and is not a required part of the basic 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 June 29, 2016, on our consideration of United Way of Central Jersey, 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 Central Jersey, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited United Way of Central Jersey, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



**Philadelphia, Pennsylvania
June 29, 2016**

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 And 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,841,575	\$ 1,517,506
Investments (<i>Note 3</i>)	920,996	1,552,844
Accrued interest	-	679
Accounts receivables	-	12,303
Pledge receivables, net of allowance for uncollectible pledges of \$124,774 and \$177,856 in 2015 and 2014, respectively (<i>Note 2</i>)	492,350	477,911
Grant receivable	63,000	377,086
Note receivable (<i>Note 4</i>)	2,167	12,639
Prepaid expenses and other assets	64,020	51,252
Property and equipment, net (<i>Note 5</i>)	1,278,795	915,058
Investments – beneficial interest in perpetual trust (<i>Note 6</i>)	<u>294,899</u>	<u>313,000</u>
Total Assets	<u>\$ 4,957,802</u>	<u>\$ 5,230,278</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Allocations payable	\$ 356,931	\$ 601,225
Designations payable (<i>Note 7</i>)	561,585	144,552
Accounts payable and accrued expenses	<u>131,335</u>	<u>200,589</u>
Total Liabilities	<u>1,049,851</u>	<u>946,366</u>
Net Assets		
Unrestricted		
Undesignated	2,060,842	1,595,220
Designated for endowment fund	299,759	296,760
Designated for building repairs and improvements	<u>25,000</u>	<u>268,309</u>
	2,385,601	2,160,289
Temporarily restricted (<i>Note 8</i>)	1,227,451	1,810,623
Permanently restricted (<i>Note 8</i>)	<u>294,899</u>	<u>313,000</u>
Total Net Assets	<u>3,907,951</u>	<u>4,283,912</u>
Total Liabilities and Net Assets	<u>\$ 4,957,802</u>	<u>\$ 5,230,278</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2015 With Summarized Information For 2014

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and Revenue					
Tri-State campaign pledges (Note 9)	\$ -	\$ -	\$ -	\$ -	\$ 37,727
Campaign pledges	4,993,317	780,178	-	5,773,495	3,424,157
Total campaign pledges	4,993,317	780,178	-	5,773,495	3,461,884
Less:					
Amounts designated by donors for specific organizations	4,310,736	-	-	4,310,736	1,489,359
Allowance and write-offs for uncollectible pledges	(66,286)	-	-	(66,286)	31,026
Campaign pledges, net	748,867	780,178	-	1,529,045	1,941,499
Grant income	837,361	630,000	-	1,467,361	1,481,327
Investment income (loss)	(1,041)	169	-	(872)	67,614
Distributions from perpetual trust	12,533	-	-	12,533	12,371
Net gain on beneficial interest in perpetual trust	-	-	(18,101)	(18,101)	4,035
Rental income	52,800	-	-	52,800	52,800
Service fee revenue	43,422	-	-	43,422	34,467
Special events income	-	-	-	-	32,333
Community program income	-	604,571	-	604,571	1,071,754
Contributions of clothes and equipment	310,268	-	-	310,268	605,474
Miscellaneous	108	-	-	108	405
Net assets released from restrictions	2,598,090	(2,598,090)	-	-	-
Total support and revenue	4,602,408	(583,172)	(18,101)	4,001,135	5,304,079
Program Services					
Allocations and grants					
Allocated distributions to agencies	5,064,533	-	-	5,064,533	2,643,459
Less donor designated contributions	(4,310,736)	-	-	(4,310,736)	(1,489,359)
Net distributions to agencies in Central Jersey	753,797	-	-	753,797	1,154,100
Community investment and impact	2,867,932	-	-	2,867,932	3,502,651
Support Services					
General and administrative expenses	461,686	-	-	461,686	381,334
Resource development/fund-raising	254,331	-	-	254,331	297,390
Other					
Building expense attributed to rental portion	39,350	-	-	39,350	43,216
Total expenses	4,377,096	-	-	4,377,096	5,378,691
Change in net assets	225,312	(583,172)	(18,101)	(375,961)	(74,612)
Net Assets					
Beginning of year	2,160,289	1,810,623	313,000	4,283,912	4,358,524
End of year	<u>\$ 2,385,601</u>	<u>\$ 1,227,451</u>	<u>\$ 294,899</u>	<u>\$ 3,907,951</u>	<u>\$ 4,283,912</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015 With Summarized Information For 2014

	2015					2014	
	PROGRAM SERVICES			SUPPORT SERVICES		Total Expenses	Total Expenses
	Community Investment	Community Impact	Total Program Expenses	Management And General	Resource Development		
Allocated distributions to agencies	\$ 748,797	\$ 5,000	\$ 753,797	\$ -	\$ -	\$ 753,797	\$ 1,154,100
Payroll and employee benefits							
Payroll	165,044	559,115	724,159	293,024	152,372	1,169,555	1,225,973
Payroll taxes	14,783	47,418	62,201	25,440	12,608	100,249	115,393
Employee benefits	<u>11,547</u>	<u>114,871</u>	<u>126,418</u>	<u>20,601</u>	<u>19,242</u>	<u>166,261</u>	<u>154,762</u>
	191,374	721,404	912,778	339,065	184,222	1,436,065	1,496,128
Professional fees	7,732	8,336	16,068	13,820	12,417	42,305	73,649
Advertising & Promotion	19,749	23,418	43,167	39,968	21,660	104,795	14,817
Office expense	5,239	32,665	37,904	13,154	4,794	55,852	77,631
Information Technology	1,849	6,450	8,299	3,890	2,831	15,020	34,269
Occupancy	3,243	10,053	13,296	5,945	2,702	21,943	25,270
Travel	7,743	10,580	18,323	764	2,079	21,166	41,127
Payments to Affiliates (UWW)	9,149	9,619	18,768	17,329	7,211	43,308	44,000
Insurance	5,991	6,590	12,581	10,984	4,993	28,558	32,376
Community program expense	-	1,720,398	1,720,398	-	-	1,720,398	2,208,321
Repairs and maintenance	1,575	31,133	32,708	2,888	1,313	36,909	45,628
Miscellaneous	<u>7,455</u>	<u>1,662</u>	<u>9,117</u>	<u>2,913</u>	<u>5,124</u>	<u>17,154</u>	<u>57,224</u>
	1,009,896	2,587,308	3,597,204	450,720	249,346	4,297,270	5,304,540
Depreciation	<u>5,982</u>	<u>18,543</u>	<u>24,525</u>	<u>10,966</u>	<u>4,985</u>	<u>40,476</u>	<u>30,935</u>
	<u>\$ 1,015,878</u>	<u>\$ 2,605,851</u>	<u>\$ 3,621,729</u>	<u>\$ 461,686</u>	<u>\$ 254,331</u>	4,337,746	5,335,475
Building expense attributed to rental portion						<u>39,350</u>	<u>43,216</u>
						<u>\$ 4,377,096</u>	<u>\$ 5,378,691</u>

The notes to financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 And 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (375,961)	\$ (74,612)
<i>Adjustments to reconcile the net change in net assets to net cash (used for) provided by operating activities</i>		
Depreciation expense	62,269	47,592
Provision for uncollectible pledges	(53,082)	31,026
Realized (gain) loss on investments	6,723	(12,582)
Unrealized (gain) loss on investments	28,204	(36,143)
Change in net assets of beneficial interest in perpetual trust	18,101	(4,035)
Changes in		
Accrued interest	679	59
Pledge receivables	38,643	(233,433)
Grant receivable	314,086	(268,021)
Accounts receivable	12,303	(12,303)
Prepaid expenses and other assets	(12,768)	11,490
Allocations payable	(244,294)	(37,964)
Designations payable	417,033	167
Accounts payable and accrued expenses	<u>(69,254)</u>	<u>53,141</u>
Net cash provided by (used for) operating activities	<u>142,682</u>	<u>(535,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(693,981)	(1,640,586)
Sales and maturities of investments	1,290,902	1,768,521
Purchases of property and equipment	(426,006)	(201,935)
Repayment of note receivable	<u>10,472</u>	<u>18,055</u>
Net cash used for investing activities	<u>181,387</u>	<u>(55,945)</u>
Net change in cash and cash equivalents	324,069	(591,563)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,517,506</u>	<u>2,109,069</u>
End of year	<u>\$ 1,841,575</u>	<u>\$ 1,517,506</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 And 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF THE ORGANIZATION

The United Way of Central Jersey, Inc. (the “*United Way*” or the “*Organization*”) assesses on a continuing basis the need for human service programs within the community by fostering cooperation among local, state and national agencies, while developing a means to deploy financial resources to meet those needs. The United Way is primarily supported by donor contributions through its local campaign and is governed by a volunteer board of trustees.

ACCOUNTING METHOD

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

Financial statement presentation follows the requirements of Financial Accounting Standards Board (“*FASB*”) Accounting Standards Codification (“*ASC*”) 958-205, “*Presentation of Financial Statements*”. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to donor imposed time or purpose restrictions, and the permanently restricted net asset category includes resources whereby donors have stipulated that the gift be invested and maintained in perpetuity. Income earned from such gifts is generally available for expenditures according to donor-imposed restriction, if any.

REVENUE RECOGNITION

Revenue is derived primarily from contributions and grants. Contributions are recognized when the donor makes a promise to give to the United Way, that is, in substance, unconditional and are recorded at the estimated realizable value. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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. Grant income from restricted grants is recognized in the period when the United Way has incurred the expenditures in compliance with the specific restrictions. The Organization accounts for contract revenues, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract is recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as amounts due to government agencies and included in accounts payable and other current liabilities in the statement of financial position.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

INCOME TAXES

The United Way is a not-for-profit corporation that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New Jersey taxation codes. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Management has reviewed the tax positions for each of the open tax years (2012 – 2014) or expected to be taken in United Way's 2015 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

USE OF ESTIMATES

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.

CONCENTRATION OF CREDIT RISK

United Way of Central Jersey occasionally maintains deposits in excess of federally insured limits. ASC 825, "**Financial Instruments**", identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

For the years ended December 31, 2015 and 2014, 19% and 15% of revenues, respectively, were derived from cost reimbursement type state grants. The loss of the grants would result in a corresponding decrease in expenses, therefore it would not have a material impact on the Organization.

CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows presentation, the United Way considers all unrestricted highly liquid investments with maturity of less than three months at the date of acquisition to be cash equivalents.

COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not included 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 December 31, 2014, from which the summarized information was derived.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or fair market value at the date of donation. Depreciation charges with respect to property and equipment have been made by the United Way using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Building and improvements	15-40
Furniture and fixtures	5
Computer equipment and software	3
Equipment	5

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, would be included in property and equipment.

ALLOCATED DISTRIBUTIONS TO AGENCIES

Distributions are recorded as expenses when they are approved by the Board of Trustees and communicated to the respective agencies and are generally payable within one year.

FUNCTIONAL EXPENSES

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

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

FINANCIAL INSTRUMENTS

The carrying value of financial instruments including cash, pledges receivable, accounts and grant receivable, allocations and designations payable and accounts payable approximate their fair value due to the relatively short maturity of these instruments.

VALUATION OF LONG-LIVED ASSETS

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in these financial statements.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(2) PLEDGE RECEIVABLES

Campaign receivables consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
2013 – 2014 Campaign Receivables	\$ -	\$ 203,824
2014 – 2015 Campaign Receivables	202,853	451,943
2015 – 2016 Campaign Receivables	<u>414,271</u>	<u>-</u>
	617,124	655,767
Less: Allowance for uncollectible pledges	<u>(124,774)</u>	<u>(177,856)</u>
Pledge receivables, net	<u>\$ 492,350</u>	<u>\$ 477,911</u>

Amounts due in less than one year were \$492,350 and \$477,911 at December 31, 2015 and 2014, respectively.

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties (*See Note 7*) on behalf of the United Way and its member agencies that have not yet been received.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. In addition, amounts collected by third parties on behalf of the United Way and its member agencies are reduced by amounts deemed to be uncollectible by the third party collector.

Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management's discretion.

(3) INVESTMENTS

At December 31, 2015 and 2014, investments consisted of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ -	\$ -	\$ 700,369	\$ 699,892
Common Stock	25,393	44,712	25,394	45,459
Mutual Funds				
Equity	472,936	611,695	393,967	559,857
Bonds	165,243	164,603	197,477	197,637
U.S. Government	<u>99,990</u>	<u>99,986</u>	<u>49,999</u>	<u>49,999</u>
Total Investments	<u>\$ 763,562</u>	<u>\$ 920,996</u>	<u>\$ 1,367,206</u>	<u>\$ 1,552,844</u>

As of December 31, 2015 and 2014, net unrealized gains consist of \$157,434 and \$185,638, respectively.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

United Way utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that United Way has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the United Way’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value United Way’s investments and beneficial interest in perpetual trust at December 31, 2015 and 2014 are as follows:

<u>Investments</u>	<u>2015</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock	\$ 44,712	\$ 44,712	\$ -	\$ -
Mutual Funds	776,298	776,298	-	-
U.S. Government	99,986	-	99,986	-
Totals	<u>\$ 920,996</u>	<u>\$ 821,010</u>	<u>\$ 99,986</u>	<u>\$ -</u>
Beneficial interest in Perpetual Trust	<u>\$ 294,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,899</u>

<u>Investments</u>	<u>2014</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposits	\$ 699,892	\$ -	\$ 699,892	\$ -
Common Stock	45,459	45,459	-	-
Mutual Funds	757,494	757,494	-	-
U.S. Government	49,999	-	49,999	-
Totals	<u>\$ 1,552,844</u>	<u>\$ 802,953</u>	<u>\$ 749,891</u>	<u>\$ -</u>
Beneficial interest in Perpetual Trust	<u>\$ 313,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,000</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2015 and 2014.

The changes in financial instruments for which United Way used Level 3 inputs to determine fair value are as follows for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 313,000	\$ 308,965
Unrealized gains – change in valuation	(18,101)	4,035
Balance, end of year	<u>\$ 294,899</u>	<u>\$ 313,000</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(4) NOTE RECEIVABLE

On February 15, 2012, the United Way granted an interest free loan to Making It Possible To End Homelessness, Inc. The loan in the amount of \$65,000 is payable monthly over 36 equal installments. The note receivable as of December 31, 2015 and 2014 is \$2,167 and \$12,639, respectively.

(5) PROPERTY AND EQUIPMENT

The components of property and equipment are as follows at December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 40,000	\$ 40,000
Building and improvements	2,091,612	1,518,741
Furniture and fixtures	50,300	50,300
Equipment	173,382	173,382
Construction-in-progress	<u>-</u>	<u>146,865</u>
	2,355,294	1,929,288
Less: Accumulated depreciation	<u>(1,076,499)</u>	<u>(1,014,230)</u>
Property and equipment, net	<u>\$ 1,278,795</u>	<u>\$ 915,058</u>
Depreciation expense	<u>\$ 62,269</u>	<u>\$ 47,592</u>

Depreciation included as a charge to expense amounted to \$62,269 and \$47,592 for the years ended December 31, 2015 and 2014, respectively.

(6) BENEFICIAL INTEREST IN PERPETUAL TRUST

The United Way of Central Jersey, Inc. is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the United Way. The United Way has legally enforceable rights and claims to such assets, including the right to a 1/3 interest in the income generated, which is to be used for the benefit of the citizens of South River, New Jersey. Net realized and unrealized gains and losses related to the beneficial interest are reported as changes in permanently restricted net assets. The fair value of the United Way's share in the beneficial interest at December 31, 2015 and 2014 is \$294,899 and \$313,000, respectively.

(7) ASSETS HELD FOR OTHERS (DONOR-CHOICE DESIGNATIONS)

At December 31, 2015 and 2014, the United Way, acting as an intermediary organization, had \$561,585 and \$144,552, respectively, in unspent contributions received on behalf of other member agencies. These amounts will be spent on behalf of, or transferred to, the respective member agencies based upon requests or when restrictions imposed by the donor have been satisfied and in accordance with United Way Worldwide Guidelines.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(8) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
Program Activities		
10 Families	\$ -	\$ 530
Adopt-a-Family	1,367	1,007
Baby Bundles	1,849	1,849
Super Storm Sandy Recovery	105,657	193,178
Homeless Kitchens	2,448	-
IBM Grants (In-Kind donations)	19,513	19,513
Kjeldsen Children's Fund	17,476	102,474
Make A Difference	2,048	2,048
Matching funds	200	200
MIHOPE	15,500	12,000
Middlesex County Long Term Recovery Group (MCLTRG)	13,300	301,221
Needs assessment study	31,214	31,214
September 11 Disaster Relief	34,613	54,050
Time restricted campaign pledges	780,178	889,317
Time restricted grants	157,500	157,500
Women's Initiatives	<u>44,588</u>	<u>44,522</u>
	<u>\$ 1,227,451</u>	<u>\$ 1,810,623</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows for the year ended December 31:

	<u>2015</u>
Net assets released	
10 Families	\$ 530
Adopt-a-Family	1,640
Early Grade Reading Fund	1,659
Super Storm Sandy Recovery	153,686
Homeless Kitchens	3,578
Kjeldsen Children's Fund	85,063
Middlesex County Long Term Recovery Group (MCLTRG)	812,761
MIHOPE	-
New Americans Program	250
Nurse Family Partnership	-
September 11 Disaster Relief	19,606
Time restricted campaign pledges	889,317
Time restricted grants	630,000
Voluntary Income Tax Assistance	<u>-</u>
	<u>\$ 2,598,090</u>

Permanently restricted net assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Beneficial interest in perpetual trust	<u>\$ 294,899</u>	<u>\$313,000</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(9) RELATED PARTY TRANSACTIONS

The United Way was a recipient of funds from charitable fundraising campaigns organized by the United Way of Tri-State, Inc. (“*Tri-State*”), a regional partnership of 32 United Ways in the Tri-State region (New Jersey/New York/Connecticut). Tri-State was responsible for raising funds from workplace campaigns of participating companies whose employees live and/or work in the Tri-State region. Tri-State, in turn, collected and distributed regional campaign pledge information to the participating United Ways, and based on an agreed upon formula, distributed undesignated pledge payments (pledges not specified by donors to be paid to a specific United Way), to the regional campaign of participating United Ways.

Tri-State was formally dissolved by agreement of all parties on June 30, 2012. United Way Worldwide (“*UWW*”) assumed responsibility for the close-out of the partnership through its UWW Regional Office, which operated July 1, 2012 through December 31, 2014. In conjunction with the closure of Tri-State, distribution of excess Tri-State reserves and the remainder of undesignated pledge payments were processed through 2014. During the year ended December 31, 2014, the United Way received \$37,727 as part of the UWW close out distribution. Regional company workplace campaign pledges formerly reported as Tri-State campaign revenue are now reported in the aggregate campaign pledge revenue of the United Way.

(10) RETIREMENT PLAN

The United Way maintains a defined contribution pension plan that covers all eligible full time employees. The employer’s contribution is based on five percent of employees’ annual salary. The pension expense for the years ended December 31, 2015 and 2014 was \$46,185 and \$49,517, respectively. The employees may also make voluntary contributions into a separate employer sponsored defined contribution plan.

(11) COMMITMENTS

EQUIPMENT LEASES

The United Way leases office equipment under non-cancelable lease commitments expiring through 2020. Total rent expense on office equipment amounted to \$10,147 and \$11,312 in 2015 and 2014, respectively. The approximate minimal annual rental commitments, under all non-cancelable leases with terms of one year or more for the periods set forth below, are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 15,246
2017	11,268
2018	9,942
2019	9,942
2020	<u>3,314</u>
	<u>\$ 49,712</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(12) ADMINISTRATIVE COST RATIO (UNAUDITED)

The United Way calculates the ratio of support services to total revenue using the data on the IRS Form 990. This form is readily accessible and universally used to calculate the ratio for a nonprofit organization. The calculation method utilized is as follows:

	<u>2015</u>	<u>2014</u>
Supporting Services		
Administrative (management and general) expenses (IRS Form 990, Part IX, Line 25, Column C)	\$ 461,686	\$ 381,334
Fundraising expenses (IRS Form 990, Part IX, Line 25, Column D)	<u>254,331</u>	<u>297,390</u>
Total supporting services	<u>\$ 716,017</u>	<u>\$ 678,724</u>
Revenue (IRS Form 990, Part I, Line 12)	<u>\$ 8,318,826</u>	<u>\$ 6,710,044</u>
Administrative cost ratio	9%	10%

(13) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 29, 2016, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2015

<u>State Grantor/ Pass-Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Grant Award Amount</u>	<u>Grant Period</u>	<u>Expenditures</u>
State of New Jersey Department of Children & Families				
Nurse Family Partnership	DCF 15 APMP	\$711,702	01/01/2015 – 12/31/2015	\$ 711,702
Department of State/AmeriCorps NJ	AmeriCorps 15ACP-018	\$ 59,610	10/01/2014 – 08/31/2015	\$ 534
Department of State/Community Provider Contract	N/A	\$ 3,201	01/01/2015 – 12/31/2015	<u>3,201</u>
Total Expenditures				<u>\$ 715,437</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2015

(1) BASIS OF PRESENTATION

The accompanying schedule of state expenditures of awards includes the state grant activity of United Way of Central Jersey, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Government Auditing Standards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SECTION 2

**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**

**Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

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 Central Jersey, Inc., which comprise the statement of financial position as of December 31, 2015, 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 June 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central Jersey, 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 Central Jersey, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central Jersey, Inc.'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 Central Jersey, Inc.'s financial statements are free of 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Board of Directors
United Way of Central Jersey, Inc.
Page Two**

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 United Way of Central Jersey, Inc.'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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 29, 2016**

SECTION 3

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH STATE OF NEW JERSEY,
DEPARTMENT OF THE TREASURY OMB CIRCULAR 15-08-OMB**

**Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

Report on Compliance for Each Major Federal Program

We have audited the compliance of United Way of Central Jersey, Inc. (a nonprofit organization), with the types of compliance requirements described in the New Jersey State Grants Compliance Supplement that could have a direct and material effect on each of United Way of Central Jersey, Inc.'s major state programs for the year ended December 31, 2015. United Way of Central Jersey, Inc.'s major state program is 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Central Jersey, Inc.'s major state program 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; and State of New Jersey, Department of the Treasury OMB Circular 15-08-OMB, ***Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid***. Those standards and OMB Circular 15-08-OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about United Way of Central Jersey, 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 state program. However, our audit does not provide a legal determination on United Way of Central Jersey, Inc.'s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, United Way of Central Jersey, 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 state programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of United Way of Central Jersey, 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 Central Jersey, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program in to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report internal control over compliance in accordance with the State of New Jersey, Department of the Treasury OMB Circular 15-08-OMB, 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 Central Jersey, 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 State of New Jersey, Department of the Treasury OMB Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Tait, Weller & Baker LLP

SECTION 4

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2015

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of New Jersey, Department of Treasury OMB Circular 15-08-OMB	No
Identification of major state program:	

<u>State Agency Department</u>	<u>Award Number</u>	<u>State Expenditures</u>
State of NJ Dept. of Children and Families:		
Nurse Family Partnership	DCF 15 APMP	\$711,702
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – STATE AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION 5

UNITED WAY OF CENTRAL JERSEY, INC.

PRIOR YEAR FINDINGS

Year Ended December 31, 2015

There were no findings or questioned costs in the prior year's audit.
