

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

**MESA UNITED WAY AND SUBSIDIARY
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YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mesa United Way and Subsidiary
Mesa, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mesa United Way and Subsidiary (Organization) which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mesa United Way and Subsidiary as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Report on Summarized Comparative Information

We have previously audited the Organization's 2015 consolidated financial statements, and we expressed an unmodified audit opinion of those audited consolidated financial statements in our report dated January 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 26, 2017

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2015)

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 232,660	\$ 362,689
Cash Held in Trust	460,300	428,347
Investments	2,312,160	2,234,591
Unconditional Promises Receivable, Net	522,707	558,360
Donor Designated Promises Receivable	257,660	237,192
Grants Receivable	79,787	65,685
Prepaid Expenses	18,311	19,889
Other Assets	5,419	22,798
Beneficial Interest in Charitable Remainder Trusts	91,247	97,698
Property and Equipment, Net	1,407,581	1,477,811
Total Assets	\$ 5,387,832	\$ 5,505,060
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 27,926	\$ 83,088
Cash Held in Trust	460,300	428,347
Donor Designated Payables	337,652	436,531
Agency Allocations Payable	754,908	777,231
Capital Lease Obligations	29,134	21,113
Total Liabilities	1,609,920	1,746,310
NET ASSETS		
Unrestricted	2,706,895	2,699,342
Temporarily Restricted	519,835	508,226
Permanently Restricted	551,182	551,182
Total Net Assets	3,777,912	3,758,750
Total Liabilities and Net Assets	\$ 5,387,832	\$ 5,505,060

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	2015
SUPPORT AND REVENUES					
Campaign Contributions:					
Annual Campaign	\$ 3,566,841	\$ 276,334	\$ -	\$ 3,843,175	\$ 3,816,177
Less: Provision for Uncollectible Promises to Give	(94,861)	-	-	(94,861)	(86,519)
Less: Donor Designated Contributions	(1,494,244)	-	-	(1,494,244)	(1,351,748)
Other Contributions	23,143	-	-	23,143	4,590
Total Campaign Contributions, Net	2,000,879	276,334	-	2,277,213	2,382,500
Special Program Grants	250,734	532,714	-	783,448	742,724
Special Events Income, Net	3,298	-	-	3,298	9,066
Investment Income	114,862	36,931	-	151,793	31,422
Total Support and Revenues	2,369,773	845,979	-	3,215,752	3,165,712
NET ASSETS RELEASED FROM RESTRICTIONS	827,919	(827,919)	-	-	-
EXPENSES					
Program Services:					
Agency Allocations	605,897	-	-	605,897	618,000
Community Impact	284,936	-	-	284,936	320,493
Grant Programs	1,704,789	-	-	1,704,789	1,439,875
Community Awareness	113,930	-	-	113,930	85,422
Total Program Services	2,709,552	-	-	2,709,552	2,463,790
Supporting Activities:					
Administrative	230,060	-	-	230,060	196,147
Fundraising	250,527	-	-	250,527	296,572
Total Supporting Activities	480,587	-	-	480,587	492,719
Total Expenses	3,190,139	-	-	3,190,139	2,956,509
CHANGE IN OPERATING NET ASSETS	7,553	18,060	-	25,613	209,203
NONOPERATING REVENUE AND EXPENSE					
Loss on Disposal of Property and Equipment	-	-	-	-	(48,480)
Change in Value of Interest in Charitable Remainder Trusts	-	(6,451)	-	(6,451)	(7,509)
Total Nonoperating Revenue and Expense, Net	-	(6,451)	-	(6,451)	(55,989)
CHANGE IN NET ASSETS	7,553	11,609	-	19,162	153,214
Net Assets - Beginning of Year	2,699,342	508,226	551,182	3,758,750	3,605,536
NET ASSETS - END OF YEAR	<u>\$ 2,706,895</u>	<u>\$ 519,835</u>	<u>\$ 551,182</u>	<u>\$ 3,777,912</u>	<u>\$ 3,758,750</u>

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2015)

	Program Services				Total Program Services	Supporting Activities			Totals	
	Agency Allocations	Community Impact	Grant Programs	Community Awareness		Administrative	Fundraising	Total Supporting Activities	2016	2015
Salaries	\$ -	\$ 166,876	\$ 246,629	\$ 60,292	\$ 473,797	\$ 119,188	\$ 124,301	\$ 243,489	\$ 717,286	\$ 632,081
Employee Benefits	-	20,733	33,578	5,812	60,123	10,791	15,290	26,081	86,204	94,990
Payroll Taxes	-	12,598	18,682	4,571	35,851	9,035	9,421	18,456	54,307	49,828
Retirement Plans	-	7,778	4,929	1,726	14,433	5,732	5,059	10,791	25,224	26,416
Campaign Supplies	-	3	1,816	-	1,819	81	2,394	2,475	4,294	5,023
Conferences and Training	-	475	4,101	20	4,596	3,240	1,961	5,201	9,797	5,222
Contracted Services	-	4,171	40,925	6,000	51,096	-	-	-	51,096	51,586
AmeriCorps Personnel	-	-	265,533	-	265,533	-	-	-	265,533	217,683
Depreciation	-	23,843	7,247	22,793	53,883	22,792	22,793	45,585	99,468	62,286
Dues and Subscriptions	-	664	20	20	704	895	700	1,595	2,299	3,398
Insurance	-	5,439	3,792	513	9,744	1,456	2,685	4,141	13,885	13,386
Marketing	-	-	-	-	-	-	-	-	-	-
Meetings	-	2,855	2,707	-	5,562	992	753	1,745	7,307	9,759
Occupancy/Utilities/Parking	-	4,618	14,601	864	20,083	2,584	4,660	7,244	27,327	25,196
Office Expense	-	1,660	8,965	117	10,742	1,967	1,797	3,764	14,506	12,712
Postage and Shipping	-	177	1,322	49	1,548	564	3,994	4,558	6,106	7,807
Processing Fees	-	897	2,718	323	3,938	487	9,172	9,659	13,597	16,978
Professional Fees	-	1,644	4,822	5,580	12,046	9,198	6,521	15,719	27,765	22,925
Property Tax	-	-	-	-	-	5	-	5	5	7,730
Printing	-	-	2,231	-	2,231	-	14,057	14,057	16,288	13,553
Repairs and Maintenance	-	20,081	16,585	3,380	40,046	12,161	14,235	26,396	66,442	55,424
Telephone	-	4,449	2,676	865	7,990	2,836	4,697	7,533	15,523	14,422
Travel	-	-	9,782	-	9,782	90	2,949	3,039	12,821	17,773
United Way of America Dues	-	-	-	-	-	25,478	-	25,478	25,478	25,708
Equipment Leases	-	925	-	180	1,105	488	976	1,464	2,569	3,886
Agency Initiatives	-	5,050	129,472	-	134,522	-	-	-	134,522	58,661
Agency Allocations	605,897	-	-	-	605,897	-	-	-	605,897	618,000
In-Kind Expenses:										
Marketing	-	-	9,402	825	10,227	-	1,712	1,712	11,939	24,914
Initiative - Direct Assistance	-	-	872,254	-	872,254	-	400	400	872,654	831,162
Building Lease	-	-	-	-	-	-	-	-	-	28,000
Total	\$ 605,897	\$ 284,936	\$ 1,704,789	\$ 113,930	\$ 2,709,552	\$ 230,060	\$ 250,527	\$ 480,587	\$ 3,190,139	\$ 2,956,509

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 19,162	\$ 153,214
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	99,468	62,286
Loss on Disposal of Property and Equipment	-	48,480
Donated Property and Equipment	(7,000)	-
Change in Allowance for Uncollectible Promises Receivable	19,603	(32,968)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	6,451	7,509
Net Unrealized (Gain) Loss on Investments	(80,967)	65,619
Net Realized Gain on Investments	(22,041)	(57,425)
(Increase) Decrease in:		
Cash Held in Trust	(31,953)	9,114
Unconditional Promises Receivable and Donor Designated Promises Receivable	(4,418)	39,625
Grants Receivable	(14,102)	(43,145)
Prepaid Expenses	1,578	7,598
Other Assets	17,379	(22,798)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(55,162)	8,096
Cash Held in Trust	31,953	(9,114)
Donor Designated and Agency Allocations Payable	(121,202)	(58,538)
Net Cash Provided (Used) by Operating Activities	(141,251)	177,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(3,670)	(90,909)
Proceeds on Sale of Property and Equipment	-	257,500
Proceeds from Sale of Investments	459,517	1,045,214
Purchases of Investments	(434,078)	(1,201,794)
Net Cash Provided by Investing Activities	21,769	10,011
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Leases	(10,547)	(7,491)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,029)	180,073
Cash and Cash Equivalents - Beginning of Year	362,689	182,616
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 232,660	\$ 362,689
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Donated Property and Equipment	\$ 7,000	\$ -
Property and Equipment Acquired through Capital Lease	\$ 18,568	\$ -

See accompanying Notes to Consolidated Financial Statements.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mesa United Way (the Organization) was officially established in November 1966 as a non-profit philanthropic corporation under the laws of the State of Arizona. The Organization conducts the annual United Way Campaign on behalf of itself and its agency programs. The Organization also assesses and prioritizes critical human care needs in Mesa, Arizona. The Organization addresses these needs through allocations to social service agencies and community organizations.

The Organization is dependent upon undesignated contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the Organization's ability to provide services and to invest funds in social service agency programs.

Helen's Hope Chest (the Organization) is a fully-owned subsidiary organization to Mesa United Way. This subsidiary organization provides clothing, school supplies, and other basic needs items to foster children.

These consolidated financial statements include the activities of Mesa United Way and Helen's Hope Chest. Helen's Hope Chest began operations in conjunction with Mesa United Way in 2009 and was organized as a separate entity in fiscal year 2014. All material intercompany accounts and transactions have been eliminated in the consolidation.

The Organization has the following programs:

Agency Allocations

Mesa United Way's Community Investment Process empowers people who live or work in Mesa to help invest community care contributions where they matter most. Volunteers from Mesa schools, companies, churches, and neighborhoods work in teams, visiting each agency in their area of interest to see first-hand how lives are being changed. They ask in-depth questions about the organization to determine its financial health, client outcomes and areas in need of improvement. Once the visits have been completed, the teams make recommendations for funding to the Mesa United Way board of directors. Sometimes, however, the volunteers determine that the money would be better spent in a different program or agency, and recommend reducing or eliminating funding. The result is an assurance that donor contributions are spent wisely, and in a manner that has maximum positive impact on the people of Mesa. With community care dollars, over 29 social service agencies are able to carry out 42 programs. Included are programs that enable children to live in a safe environment, succeed in school and become responsible, contributing adults; programs that provide safe shelter, food and other services to Mesa residents facing unforeseen hardships; programs that enable people with special needs and disabilities to live up to their fullest potential; programs that help frail elderly people and those suffering from Alzheimer's or other forms of dementia.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Community Impact

The Community Impact program is responsible for carrying out Mesa United Way's mission. This program brings Mesa United Way staff together with volunteers, agencies, and companies in Mesa to help members of our community lead better, more self-sufficient lives. Community Impact is accomplished through funding agency and grant programs, developing and executing initiatives and building relationships between community members. Current initiatives are: 55+ More for Mesa, a program designed to link willing, skilled, experienced adults with city, school, and non-profit needs at a compensation level that is either well-below market rate or is entirely "pro-bono". Also, Kids In Philanthropy, which introduces fifth and sixth grade children to the importance of charitable giving and the important work being performed by local agencies.

Grant Programs

The Volunteer Income Tax Assistance (VITA) Program

The VITA program is a free tax preparation service for low and moderate income people in the community. Mesa United Way has supported VITA for many years, but for the last six years has been the lead agency for the Mesa program. Volunteers are provided with training to prepare tax returns and then must pass an IRS certification test. During the 2016 tax season, 74 Mesa VITA volunteers contributed over 4,300 hours of their time to complete more than 6,000 tax returns. Due to their efforts, over \$6.4 million tax dollars were returned to the members of our community who need it the most. These figures each represent a growth of approximately 12% over those for the 2015 tax season. Over 620 hours of tax preparation services were provided at seven different sites covering all areas of Mesa. The facilities for VITA sites are provided by non-profit Mesa VITA coalition partners.

AmeriCorps "Operation Second Wind"

AmeriCorps is often referred to as the domestic Peace Corps. Mesa United Way has teamed up with AmeriCorps, a federal program that encourages national and community service while providing valuable job training. Operation Second Wind places Mesa residents, most of whom are over 55 years of age, as direct service delivery professionals within non-profit agencies that provide services to the needy in our community. All positions are part-time. During this past year, 45 Operation Second Wind members served over 32,000 hours at 15 separate programs operated by 9 different non-profit agencies within Mesa. This program has been renewed for a seventh year and with 55 members serving members of the community.

Community Awareness (Communications)

The Marketing and Communications program is responsible for developing ideas and concepts that will educate the community about Mesa United Way with the intention of inspiring people to volunteer and donate. This is done through the creation of marketing materials that explain Mesa United Way's vision, mission, accomplishments, and goals.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Gross Campaign Contribution Summary

A summary of the gross campaign contributions for the year ended June 30, 2016 is as follows:

Annual Campaign (Gross)	\$ 3,843,175
Special Program Grants	783,448
Special Event Income, Net	3,298
Other Contributions	23,143
Gross Campaign Contributions	<u>\$ 4,653,064</u>

Functional overhead for a nonprofit organization is defined as the expenses incurred in the administrative and fundraising supporting activities. These costs are detailed in the accompanying statement of functional expenses under the column titled "Total Supporting Activities." The administrative and fundraising costs for the fiscal year ended June 30, 2016 totaled approximately \$481,000, or 10.34% of gross campaign contributions.

Basis of Presentation

The consolidated financial statements are presented in accordance with the established standards for external financial reporting by nonprofit organizations and require that information regarding its financial position and activities be classified into three net asset categories. Descriptions of the three net asset categories are as follows:

Unrestricted Net Assets

Includes amounts not restricted by donors, whether or not designated for specific purposes by the board of directors.

Temporarily Restricted Net Assets

Includes amounts whose use by the Organization is restricted by donor imposed stipulations that either expire by passage of time or other specified future events, or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets

Includes amounts which require, by donor restriction, that the asset principal be invested in perpetuity and the income be used in accordance with donor stipulations.

Measure of Operations

In its statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating activity consists primarily of gains and losses on disposals of property and equipment, building receivable donations and changes in the Organization's interest in charitable remainder trusts.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Prior Year Summarized Information

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

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with a remaining maturity of three months or less at date of acquisition to be cash equivalents.

Cash Held in Trust

The Organization acts as an agent for various donors. These funds will be released when donors request them to be transferred to various charitable organizations. As the agent for these funds, the Organization does not record contribution revenue or expense for activity in these funds.

Investments

Securities consist primarily of equity and fixed income mutual funds and certificates of deposit. Mutual funds are recorded at fair value as determined by quoted market prices. Certificates of deposit are recorded at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change of net assets in the accompanying statement of activities.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets in the statement of activities depending on the nature of the restriction. 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions (Continued)

Unconditional promises to give designated by donors to specific nonprofit organizations are segregated as such in the accompanying consolidated financial statements as donor designated receivables and donor designated payables. Donors may choose to designate all or part of their contributions to be distributed to specific charitable organizations. These transactions are reported in the statement of activities as part of the current year Mesa United Way Annual Campaign and are then deducted as amounts designated to other organizations to arrive at net campaign revenue. Amounts deducted are carried as liabilities until received and then paid to the designated charitable organization.

Contributions of donated non-monetary 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, 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. In-kind contributions include printing, clothing, food for receptions, rent, and advertising. In-kind contributions in the amount of \$907,638 for the year ended June 30, 2016, are included in annual campaign, other contributions revenue and special events income.

The in-kind contributions above are reflected in the accompanying consolidated financial statements as follows:

Statement of Financial Position:

Other Assets	\$ 6,636
Property and Equipment	7,000

Statement of Activities:

Special Events	9,409
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Statement of Functional Expenses:

Program Services:

Community Awareness	825
Grant Programs	881,656

Supporting Activities:

Fundraising	2,112
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Total Statement of Functional Expenses	<u>884,593</u>
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Total	<u><u>\$ 907,638</u></u>
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**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Interest in Charitable Remainder Trusts

Interests in charitable remainder trusts are recorded at the trusts' fair value. Changes in the valuation of this receivable are recorded in the accompanying consolidated financial statements as a change in the value of interest in charitable remainder trusts. Because of inherent uncertainties in estimating the value of these agreements, it is at least reasonably possible that these estimates will change within the near future.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment are stated at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in the statement of activities.

Agency Allocations Payable

Agency allocations payable are recorded when the board of directors has approved and communicated allocations to the recipient agencies as recommended by a review panel.

Income Taxes

Mesa United Way and Helen's Hope Chest are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, have no provision for federal income taxes. In addition, Mesa United Way and Helen's Hope Chest qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be taxable.

Mesa United Way and Helen's Hope Chest follow the accounting standard for uncertain tax positions. Mesa United Way and Helen's Hope Chest's policy with respect to the standard prescribes a recognition threshold and measurement principles for the consolidated financial statements recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. This policy had no impact on Mesa United Way and Helen's Hope Chest's consolidated financial statements.

Mesa United Way and Helen's Hope Chest file as tax-exempt organizations.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Estimates

The preparation of the consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fundraising Costs

The Organization expenses all fundraising costs as they are incurred.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting activities have been summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities. These costs are allocated by the actual cost incurred, by estimated costs based on per hour rate of the employee who performed the service, or by estimates of benefits derived.

Market Value Risk

The Organization provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statement of financial position.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Fair values are measured using independent pricing models or other model-based valuation techniques such as appraised values, adjusted for the security’s credit rating, prepayment assumptions, and other factors such as credit loss assumptions. The Organization does not have any assets or liabilities that are valued using Level 2 inputs.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 26, 2017, the date the consolidated financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consisted of the following at June 30, 2016:

Operating:

Mutual Funds:		
Equities and Equity Funds	\$	357,197
Fixed Income Obligations and Funds		252,743

Board Designated Unrestricted:

Mutual Funds:		
Equities and Equity Funds		667,326
Fixed Income Obligations and Funds		408,911
Cash and Money Market Funds		35,716

Hostetler Endowment:

Mutual Funds:		
Equities and Equity Funds		362,198
Fixed Income Obligations and Funds		210,794
Cash and Money Market Funds		17,275
Total	<u>\$</u>	<u>2,312,160</u>

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 INVESTMENTS (CONTINUED)

Investment income consisted of the following for the year ended June 30, 2016:

Interest and Dividends	\$ 75,175
Investment Fees	(26,390)
Net Realized and Unrealized Gains	103,008
Total Investment Income	<u>\$ 151,793</u>

NOTE 3 UNCONDITIONAL PROMISES RECEIVABLE

A summary of annual campaign contributions, uncollected promises receivable, and allowance for uncollectible promises receivable at June 30, 2016 are as follows:

	Original Amount of Contributions	Uncollected Promises Receivable	Allowance for Uncollectible Promises Receivable	Net Promises Receivable
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unconditional Promises Receivable:				
2015 Campaign		\$ 589,414	\$ (94,861)	\$ 494,553
Prior Campaigns		123,885	(95,731)	28,154
Total Unconditional Promises Receivable		<u>713,299</u>	<u>(190,592)</u>	<u>522,707</u>
Donor Designated Promises Receivable:				
2015 Campaign		227,228	-	227,228
Prior Campaigns		30,432	-	30,432
Total Donor Designated Promises Receivable		<u>257,660</u>	<u>-</u>	<u>257,660</u>
Total	<u>\$ 3,843,175</u>	<u>\$ 970,959</u>	<u>\$ (190,592)</u>	<u>\$ 780,367</u>

As of June 30, 2016, unconditional promises receivable reflect those amounts not collected from the two annual campaigns conducted from July 2014 through June 2016. Promises include both unrestricted funds and donor-designated funds. When contemplating a reserve for uncollectible amounts, the Organization monitors factors such as employee layoff activities of organizations that participate in its donation campaigns as well as historical collection rates.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 INTEREST IN CHARITABLE REMAINDER TRUSTS

The Organization has been designated as an irrevocable beneficiary of various charitable remainder trusts, in accordance with its agreement with Ameritrust Network, Inc. These trusts are expected to be realized over approximately the next 15 years at their present value, using a discount rate of 6%, and an expected date of distribution based on trust stipulations and mortality tables.

NOTE 5 PROPERTY AND EQUIPMENT

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

	Amount	Estimated Useful Lives
Land	\$ 6,475	
Buildings and Improvements	1,522,000	20-27.5 Years
Furniture and Equipment	343,189	3-7 Years
Leasehold Improvements	235,547	27.5 Years
Vehicles	7,000	
Total Property and Equipment	2,114,211	
Less: Accumulated Depreciation	(706,630)	
Property and Equipment, Net	\$ 1,407,581	

NOTE 6 BUILDING DONATION

In a prior year, the Organization has entered into an agreement for the usage and eventual receipt of a building for Helen's Hope Chest. The agreement calls for a base rent payment of \$100 for a lease term through January 2, 2029. Upon termination of the lease, subject to certain terms, the building shall be conveyed to the Organization for the sum of \$1. The Organization recorded an asset and revenue at the time the agreement was entered into.

NOTE 7 RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a defined contribution plan in which employees are eligible to participate after completing a full year of service and are at least 21 years of age. The plan provides for discretionary employer contributions, subject to limitations of the Internal Revenue Code. These discretionary contributions, determined by the board of directors, are allocated among participants based on annual compensation.

Employer contributions to the plan amounted to \$23,420 for the year ended June 30, 2016.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 AGENCY ALLOCATIONS

Agency allocations payable and donor designated payables, as noted in the statement of financial position, were as follows, at June 30, 2016:

A New Leaf, Inc.	\$ 166,000
Aid to Adoption of Special Kids - Arizona	3,250
Alzheimer's Disease Association Desert SW	4,600
American Red Cross of Greater Phoenix	5,000
Arizona Brainfood, Inc.	9,000
Big Brothers Big Sisters of Central AZ	5,000
Boy Scouts of America	20,000
Boys and Girls Clubs of the East Valley	9,000
Child Crisis Arizona	37,000
Community Bridges, Inc.	10,000
Community Legal Services, Inc.	12,000
Desert Sounds Performing Arts, Inc.	1,922
East Valley Adult Resources, Inc.	31,500
Foundation for Blind Children	10,000
Girl Scouts of the United States of America	15,000
House of Refuge, Inc.	10,000
Kids Need to Read	2,200
Lutheran Social Services of the Southwest	19,000
Marc Community Resources, Inc.	25,200
Mesa Community Action Network, Inc.	26,400
Oakwood Creative Care	25,000
Paz de Cristo Community Center	11,000
Save the Family Foundation of Arizona	45,000
St. Joseph the Worker	10,000
Sunshine Acres Children's Home Inc.	19,500
The Salvation Army	12,000
United Food Bank	58,000
Veterans for Veterans	3,325
Agency Allocations Payable - FY 2015-16	<u>605,897</u>
Agency Allocations Payable - FY 2014-15	<u>149,011</u>
Total Allocations Payable	<u>754,908</u>
Donor Designated Payable	<u>337,652</u>
Total	<u><u>\$ 1,092,560</u></u>

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 CAPITAL LEASE OBLIGATIONS

The Organization leases certain office equipment under capital leases. The economic substance of these leases is that the Organization is financing the acquisition of the equipment through the lease and, accordingly, the equipment is recorded as an asset and the lease is recorded as a liability. The total cost and accumulated depreciation of the equipment under the capital leases are as follows:

Equipment	\$ 76,279
Less: Accumulated Depreciation	(47,145)
Total	\$ 29,134

Future lease payments under the capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 15,400
2018	13,096
2019	7,016
2020	4,955
2021	826
Total Payments	41,293
Less: Amount Representing Interest	(12,159)
Present Value of Net Minimum Lease Payments	\$ 29,134

NOTE 10 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets released from program restrictions during the year ended June 30, 2016 consisted of the following:

Special Program Grants	\$ 493,204
Helen's Hope Chest - Foster Care Initiative	334,715
Total Net Assets Released from Restrictions	\$ 827,919

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 NET ASSETS (CONTINUED)

Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets were available for the following purposes at June 30, 2016:

<u>Purpose Restriction:</u>	<u>Amount</u>
Mesa Partnership for Children with Special Needs	\$ 3,397
Make it Mesa: Unite Against Hunger	27,068
Endowment Income - Health and Human Service Programs	39,085
Mesa Royale Relocation	50,895
Helen's Hope Chest - Foster Care Initiative	292,138
Operation Second Wind	16,005
<u>Time Restriction:</u>	
Charitable Remainder Trusts	91,247
Total Temporarily Restricted Net Assets	<u>\$ 519,835</u>

Permanently Restricted Net Assets

The earnings on the permanently restricted net assets are to be used for the benefit of health and human service programs.

NOTE 11 ENDOWMENT

Net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 ENDOWMENT (CONTINUED)

The Organization has adopted an investment policy which includes the diversification of asset investment into U.S. and foreign equity and fixed income accounts. The assets are managed by one portfolio manager. The asset allocation is determined by the Investment Committee with guidance from the portfolio manager. The policy transfers assets to the Organization's operating fund, annually, up to 4% of a trailing three year average of the fund's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investment. However, it is understood that this total return basis for calculating spending is sanctioned by UPMIFA, under which guidelines the organization is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation. The composition of endowment net assets by type of fund for 2016 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 39,085</u>	<u>\$ 551,182</u>	<u>\$ 590,267</u>

The change in endowment net assets for 2016 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning	\$ -	\$ 25,840	\$ 551,182	\$ 577,022
Appropriation	-	(23,686)	-	(23,686)
Investment Income	-	36,931	-	36,931
Endowment Net Assets, Ending	<u>\$ -</u>	<u>\$ 39,085</u>	<u>\$ 551,182</u>	<u>\$ 590,267</u>

NOTE 12 OPERATING LEASES

The Organization leases certain office equipment under various operating lease agreements, which expire at various times through January 2019. Minimum future rental payments under these non-cancelable operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 7,310
2018	5,914
2019	3,450
Total Minimum Operating Lease Payments	<u>\$ 16,674</u>

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 RELATED PARTY TRANSACTIONS

The Organization was required to pay monthly dues to United Way of America, its national affiliate, in the amount of \$25,478 for the year ended June 30, 2016.

The Organization received various contributions during the year from both employees and members of the board of directors. Total contributions (including in-kind donations) received during the year ended June 30, 2016 amounted to \$88,658.

The Organization also made various vendor payments to companies that employ members of the board of directors. Total amounts paid to these vendors during the year ended June 30, 2016 amounted to \$26,808.

NOTE 14 CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Concentrations of credit risk with respect to receivables are limited due to the large number of donors comprising the Organization's receivable base.

NOTE 15 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Equities and Equity Funds	\$ 1,386,721	\$ -	\$ -	\$ 1,386,721
Fixed Income Obligations and Funds	872,448	-	-	872,448
Cash and Money Markets	-	-	-	52,991
Total Investments	<u>2,259,169</u>	<u>-</u>	<u>-</u>	<u>2,312,160</u>
Interest in Charitable Remainder Trusts	-	-	91,247	91,247
Total	<u>\$ 2,259,169</u>	<u>\$ -</u>	<u>\$ 91,247</u>	<u>\$ 2,403,407</u>

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2016.

Balances as of July 1, 2015	\$	97,698
Change in Value of Interest in Charitable Remainder Trusts		(6,451)
Balances as of June 30, 2016	<u>\$</u>	<u>91,247</u>

**MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Mesa United Way	Helen's Hope Chest	Eliminations	Total
ASSETS				
Cash and Cash Equivalents	\$ 10,453	\$ 222,207	\$ -	\$ 232,660
Cash Held in Trust	460,235	65	-	460,300
Investments	2,312,160	-	-	2,312,160
Unconditional Promises Receivable, Net	522,707	-	-	522,707
Donor Designated Promises Receivable	257,660	-	-	257,660
Grants Receivable	79,787	12,103	(12,103)	79,787
Prepaid Expenses	17,777	534	-	18,311
Other Assets	(70)	5,489	-	5,419
Beneficial Interest in Charitable Remainder Trusts	91,247	-	-	91,247
Property and Equipment, Net	1,351,156	56,425	-	1,407,581
Total Assets	<u>\$ 5,103,112</u>	<u>\$ 296,823</u>	<u>\$ (12,103)</u>	<u>\$ 5,387,832</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 23,309	\$ 4,617	\$ -	\$ 27,926
Cash Held in Trust	460,235	65	-	460,300
Donor Designated Payables	337,652	-	-	337,652
Agency Allocations Payable	767,011	-	(12,103)	754,908
Capital Lease Obligations	29,134	-	-	29,134
Total Liabilities	<u>1,617,341</u>	<u>4,682</u>	<u>(12,103)</u>	<u>1,609,920</u>
NET ASSETS				
Unrestricted	2,706,892	3	-	2,706,895
Temporarily Restricted	227,697	292,138	-	519,835
Permanently Restricted	551,182	-	-	551,182
Total Net Assets	<u>3,485,771</u>	<u>292,141</u>	<u>-</u>	<u>3,777,912</u>
Total Liabilities and Net Assets	<u>\$ 5,103,112</u>	<u>\$ 296,823</u>	<u>\$ (12,103)</u>	<u>\$ 5,387,832</u>

**MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Mesa United Way	Helen's Hope Chest	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUES				
Campaign Contributions:				
Annual Campaign	\$ 3,061,233	\$ 742,995	\$ -	\$ 3,804,228
Less: Provision for Uncollectible Promises to Give	(94,861)	-	-	(94,861)
Less: Donor Designated Contributions	(1,494,244)	-	-	(1,494,244)
Other Contributions	23,143	-	-	23,143
Total Campaign Contributions, Net	<u>1,495,271</u>	<u>742,995</u>	<u>-</u>	<u>2,238,266</u>
Special Program Grants	13,347	-	-	13,347
Special Events Income, Net	3,298	-	-	3,298
Investment Income	114,862	-	-	114,862
Total Support and Revenues	<u>1,626,778</u>	<u>742,995</u>	<u>-</u>	<u>2,369,773</u>
Net Assets Released from Purpose Restriction	493,204	334,715	-	827,919
Total Unrestricted Support and Revenues	<u>2,119,982</u>	<u>1,077,710</u>	<u>-</u>	<u>3,197,692</u>
EXPENSES				
Program Services:				
Agency Allocations	618,000	-	(12,103)	605,897
Community Impact	284,936	-	-	284,936
Grant Programs	639,137	1,065,652	-	1,704,789
Community Awareness	113,930	-	-	113,930
Total Program Services	<u>1,656,003</u>	<u>1,065,652</u>	<u>(12,103)</u>	<u>2,709,552</u>
Supporting Activities:				
Administrative	222,964	7,096	-	230,060
Fundraising	248,720	1,807	-	250,527
Total Supporting Activities	<u>471,684</u>	<u>8,903</u>	<u>-</u>	<u>480,587</u>
Total Expenses	<u>2,127,687</u>	<u>1,074,555</u>	<u>(12,103)</u>	<u>3,190,139</u>
NONOPERATING REVENUE AND EXPENSE				
UNRESTRICTED				
Loss on Disposal of Property and Equipment	-	-	-	-
Change in Unrestricted Net Assets	<u>(7,705)</u>	<u>3,155</u>	<u>12,103</u>	<u>7,553</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
Donations Restricted	569,645	288,437	(12,103)	845,979
Net Assets Released from Purpose Restrictions	(493,204)	(334,715)	-	(827,919)
Change in Temporarily Restricted Net Assets	<u>76,441</u>	<u>(46,278)</u>	<u>(12,103)</u>	<u>18,060</u>
NONOPERATING REVENUE AND EXPENSE				
TEMPORARILY RESTRICTED				
Change in Value of Interest in Charitable Remainder Trusts	(6,451)	-	-	(6,451)
Total Non Operating Revenue	<u>(6,451)</u>	<u>-</u>	<u>-</u>	<u>(6,451)</u>
Change in Temporarily Restricted Net Assets	<u>69,990</u>	<u>(46,278)</u>	<u>(12,103)</u>	<u>11,609</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS				
Donations Restricted	-	-	-	-
Change in Permanently Restricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>62,285</u>	<u>(43,123)</u>	<u>-</u>	<u>19,162</u>
Net Assets - Beginning of Year	<u>3,423,486</u>	<u>335,264</u>	<u>-</u>	<u>3,758,750</u>
NET ASSETS - END OF YEAR	<u>\$ 3,485,771</u>	<u>\$ 292,141</u>	<u>\$ -</u>	<u>\$ 3,777,912</u>