United Way of Yellowstone County

Independent Auditor's Report and Financial Statements
June 30, 2015 and 2014

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For the Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

October 23, 2015

To the Board of Directors
United Way of Yellowstone County
Billings, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Yellowstone County which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

The financial statements of United Way of Yellowstone County as of June 30, 2014 were audited by Galusha, Higgins & Galusha, PC which combined with Wipfli LLP as of December 31, 2014 whose report dated October 22, 2014, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Yellowstone County as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wipfli LLP

Wipfli LLP
Billings, Montana

STATEMENTS OF FINANCIAL POSITION

For the Year Ended June 30,

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents (includes certificates of deposits of $499,196 and $321,871, respectively)	816,952	512,295
Receivables:		
Pledges, net of allowance for uncollectible pledges of $30,000 and $30,000, respectively.	392,854	426,113
CARE receivable	33,332	32,776
Grants receivable	18,443	4,133
Investments	1,423,529	1,471,184
Prepaid expenses	10,453	9,931
Total current assets	2,695,563	2,456,432
Property and equipment		
Land	443,873	443,873
Furniture and equipment	74,666	183,139
Buildings and improvements	1,035,703	1,035,703
Less: accumulated depreciation	(113,121)	(201,419)
Net property and equipment	1,441,121	1,461,296
Other Assets		
Cash value of life insurance	16,618	15,979
Deferred financing cost	15,000	15,000
Less: accumulated amortization	(1,875)	(1,125)
Total other assets	29,743	29,854
Total assets	4,166,427	3,947,582

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION - CONTINUED

For the Year Ended June 30,

	2015	2014
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	109,845	91,626
Grants payable	71,884	13,019
Deferred revenue	56,950	55,653
Agency funds	97,042	69,167
Current portion of capital lease	3,000	2,700
Current portion of note payable	37,787	36,554
Total current liabilities	376,508	268,719
Long Term Liabilities		
Capital lease obligations	9,250	2,700
Note payable	862,580	901,015
Total long term liabilities	871,830	903,715
Total liabilities	1,248,338	1,172,434
Net Assets		
Unrestricted:		
Board designated	851,515	857,843
Undesignated	1,672,005	1,540,736
Permanently restricted	394,569	376,569
Total net assets	2,918,089	2,775,148
Total liabilities and net assets	4,166,427	3,947,582

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Permanently Restricted	Total
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	1,261,296	0	1,261,296
Less - donor designations	(102,619)	0	(102,619)
Total Campaign results	1,158,677	0	1,158,677
Grants	223,564	0	223,564
Administration fees	13,921	0	13,921
CARE Academy income, net of tuition assistance $21,889	475,589	0	475,589
Investment income	24,517	0	24,517
Endowment donations	0	18,000	18,000
Other	12,918	0	12,918
Total public support and revenue	1,909,186	18,000	1,927,186
Expenses:			
Program services:			
Community response	1,520,724	0	1,520,724
Supporting services:			
Fundraising	182,231	0	182,231
Management and general	77,686	0	77,686
Other campaign administration	2,800	0	2,800
Total expenses	1,783,441	0	1,783,441
Change in net assets from operations	125,745	18,000	143,745
Other changes			
Loss on sale of assets	(804)	0	(804)
Total other changes	(804)	0	(804)
Change in net assets	124,941	18,000	142,941
Net assets, beginning of year	2,398,579	376,569	2,775,148
Net assets, end of year	2,523,520	394,569	2,918,089

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Permanently Restricted	Total
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	1,144,389	0	1,144,389
Less - donor designations	(74,565)	0	(74,565)
Total Campaign results	1,069,824	0	1,069,824
Grants	206,648	0	206,648
Administration fees	9,377	0	9,377
CARE Academy income, net of tuition assistance of $21,165	446,837	0	446,837
Investment income	212,247	0	212,247
Endowment donations	0	25,000	25,000
Other	14,517	0	14,517
Total public support and revenue	1,959,450	25,000	1,984,450
Expenses:			
Program services:			
Community response	1,738,776	0	1,738,776
Supporting services:			
Fundraising	246,566	0	246,566
Management and general	85,281	0	85,281
Other campaign administration	2,889	0	2,889
Total expenses	2,073,512	0	2,073,512
Change in net assets	(114,062)	25,000	(89,062)
Net assets, beginning of year	2,512,641	351,569	2,864,210
Net assets, end of year	2,398,579	376,569	2,775,148

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended June 30, 2015 and 2014

	Designated								
	Endowment	HRDC	General	Building Fund	Out of School	Undesignated	Total Unrestricted	Permanently Restricted	Total
Net Assets, July 1, 2013	178,511	15,000	569,565	50,019	19,730	1,679,816	2,512,641	351,569	2,864,210
Board transfers	0	25,000	0	0	0	(25,000)	0	0	0
Change in net assets	4,943	(5,000)	0	75	0	(114,080)	(114,062)	25,000	(89,062)
Net Assets, July 1, 2014	183,454	35,000	569,565	50,094	19,730	1,540,736	2,398,579	376,569	2,775,148
Board transfers	(30,000)	0	0	30,000	0	0	0	0	0
Change in net assets	3,597	(10,000)	0	75	0	131,269	124,941	18,000	142,941
Net Assets, June 30, 2015	157,051	25,000	569,565	80,169	19,730	1,672,005	2,523,520	394,569	2,918,089

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDED JUNE 30, 2015

	Community Response	Fundraising	Management & General	Other Campaign Administration	Total
Agency allocations	380,000	0	0	0	380,000
Bank service charges	568	2,144	0	0	2,712
Best Beginnings	71,217	0	0	0	71,217
Board expense	35	0	1,293	0	1,328
CARE expense	84,964	0	0	0	84,964
Communications	2,259	8,667	75	0	11,001
Community incentive program	66	0	0	0	66
Community resource center	22,904	0	0	0	22,904
Day of Action	2,520	0	0	0	2,520
DeStress grant	10,259	0	0	0	10,259
Disaster project	6,293	0	0	0	6,293
Drug free grant expense	9,912	0	0	0	9,912
Dues and subscriptions	1,097	1,540	498	0	3,135
EFSP expense	14,392	0	0	0	14,392
Early Childhood	27,695	0	0	0	27,695
Employee benefits	114,970	20,958	19,950	0	155,878
Fees	3,908	423	441	0	4,772
Graduation Matters	4,553	0	0	0	4,553
Impact building	11,495	0	0	0	11,495
Insurance	4,544	445	1,250	0	6,239
Interest expense	27,892	2,733	1,420	0	32,045
Investment fees	0	14,993	0	0	14,993
Janitorial	15,558	1,525	792	0	17,875
Legal and accounting	13,730	1,346	699	2,800	18,575
Maintenance	4,952	485	252	0	5,689
Meals and entertainment	113	21	0	0	134
Mileage	532	517	0	0	1,049
Myrhe Grant	472	0	0	0	472
Payroll expenses	565,170	57,209	44,808	0	667,187
Postage	1,206	848	306	0	2,360
Software and computer maintenance	11,122	2,585	566	0	14,273
Stop grant	5	0	0		5
Supplies	35,148	7,470	974	0	43,592
Telephone	4,092	350	182	0	4,624
Training and development	1,285	41	1,072	0	2,398
Uncollectible pledges	2,692	51,947	0	0	54,639
Utilities	12,462	1,221	634	0	14,317
UW of America dues	16,421	1,609	836	0	18,866
Youth volunteer corps	953	0	0	0	953
	1,487,456	179,077	76,048	2,800	1,745,381
Depreciation and amortization	33,268	3,154	1,638	0	38,060
	1,520,724	182,231	77,686	2,800	1,783,441

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDED JUNE 30, 2014

	Community Response	Fundraising	Management & General	Other Campaign Administration	Total
Agency allocations	550,600	0	0	0	550,600
Bank service charges	0	1,916	0	6	1,922
Best Beginnings	32,887	0	0	0	32,887
Board expense	1,479	175	1,396	0	3,050
CARE expense	83,091	0	0	0	83,091
Communications	5,116	12,089	304	3	17,512
Community resource center	25,829	0	0	0	25,829
Disaster project	567	0	0	0	567
Drug free grant expense	17,988	0	0	0	17,988
Dues and subscriptions	1,097	980	248	0	2,325
EFSP expense	19,877	0	0	0	19,877
Early Childhood	32,488	0	0	0	32,488
Employee benefits	87,228	33,707	18,967	0	139,902
Fees	3,813	586	190	0	4,589
Graduation Matters	10,699	0	0	0	10,699
Impact building	23,065	0	0	0	23,065
Income taxes	0	0	1,318	0	1,318
Insurance	4,258	593	1,200	0	6,051
Interest expense	28,594	3,979	1,212	0	33,785
Investment fees	0	15,585	0	0	15,585
Janitorial	9,523	1,326	404	0	11,253
Legal and accounting	12,716	1,770	889	2,775	18,150
Maintenance	7,157	996	304	0	8,457
Meals and entertainment	94	240	0	0	334
Mileage	816	1,037	42	0	1,895
Payroll expenses	660,550	124,301	54,806	0	839,657
Postage	1,601	1,860	83	105	3,649
Software and computer maintenance	12,443	3,392	528	0	16,363
Supplies	34,010	2,426	600	0	37,036
Telephone	3,967	483	147	0	4,597
Training and development	4,000	2,581	315	0	6,896
Uncollectible pledges	0	28,909	0	0	28,909
Utilities	10,314	1,436	438	0	12,188
UW of America dues	13,048	1,816	554	0	15,418
Youth volunteer corps	1,983	0	0	0	1,983
	1,700,898	242,183	83,945	2,889	2,029,915
Depreciation and amortization	37,878	4,383	1,336	0	43,597
	1,738,776	246,566	85,281	2,889	2,073,512

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOW
For the Years Ended June 30,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	142,941	(89,062)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	38,060	43,597
Realized and unrealized gains on investments	16,428	(170,275)
Contributions restricted for long-term purposes	(18,000)	(25,000)
Changes in assets and liabilities:		
Decrease in receivables	18,393	106,693
Increase in prepaid expenses	(522)	(1,082)
Decrease in other assets	111	135
Increase in accounts payable and accrued expenses	18,219	11,543
Decrease in income taxes payable	0	(2,952)
Increase (decrease) in grants payable	58,865	(5,364)
Increase in deferred revenue	1,297	1,366
Increase (decrease) in agency funds	27,875	(153,219)
Net cash provided by (used in) operating activities	303,667	(283,620)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(8,113)	(5,054)
Purchase of investments	(585,193)	(183,674)
Proceeds from sale of investments	651,527	280,972
Net cash provided by investing activities	58,221	92,244
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease repayments	(2,750)	(2,700)
Payments on notes payable	(72,481)	(35,279)
Proceeds from contributions restricted for investment in permanent endowment	18,000	25,000
Net cash (used) by financing activities	(57,231)	(12,979)
Net increase (decrease) in cash and cash equivalents	304,657	(204,355)
Cash and cash equivalents, beginning of year	512,295	716,650
Cash and cash equivalents, end of year	816,952	512,295
Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest	32,008	33,931
Income taxes	0	4,270
Non Cash Information		
Leased equipment	15,000	0

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note A. Organization and Significant Accounting Policies

1. Nature of Operations:
   The United Way of Yellowstone County is a nonprofit organization formed for the purpose of achieving significant community impact by developing strategies, building partnerships and investing in programs, all of which are supported through annual fundraising campaigns as well as through competitive private, state and federal grants and contracts. United Way of Yellowstone County improves community conditions for children, youth, individuals, families and senior citizens.

2. Financial Statement Presentation
   The Organization has presented its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

   Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

   Permanently restricted net assets – Net assets that are restricted by donors to be maintained by the Organization in perpetuity.

3. Cash Equivalents:
   The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. Promises to Give:
   Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All promises to give are expected to be collected within one year. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

5. Allowance Method Used to Record Bad Debts
   The Organization uses the allowance method for uncollectible pledges receivables.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Years Ended June 30, 2015 and 2014

Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

7. Property and Equipment:
   Property and equipment acquisitions with an original cost of at least $1,000 are recorded at cost. Donated property and equipment is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of assets (generally 5-40 years) and is computed using the straight-line method.

8. Allocations Payable:
   Allocations payable represent amounts approved by the Board of Directors payable to United Way agencies.

9. Annuity Obligation:
   The Organization receives charitable donations for annuities from donors with a provision that a fixed income be paid to the donor and/or his named beneficiary for life. The annuity obligation represents the present value of payments to be made over the life expectancies of the annuitant and/or his named beneficiaries based on Internal Revenue Service annuity tables. The contributions received and the related obligations are permanently restricted until the death of the annuitant and/or his named beneficiary at which time the remaining assets become permanently restricted or unrestricted based upon the terms of the original annuity agreement. The recorded obligation is recognized as income at the time of death. On an annual basis, the Organization revalues the liability related to required distributions to the designated beneficiaries based on actuarial assumptions. The liability is included in the accounts payable balance on the statement of financial position. The present value of the estimated future payments at June 30, 2015 and 2014 is $16,634 and $15,567, respectively. The obligation is included in Accounts Payable and Accrued Expenses.

10. Board Designated Endowment:
    Board designated endowment funds represent funds that are designated by Board policy requiring in perpetuity that the principal be invested and the income only be used as determined by the Board.

11. Revenue Recognition:
    Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to time or purpose. The Organization acts as an agent of the donor when contributions are directed by the donor and are to be distributed to a specific third-party beneficiary. These contributions received and subsequently remitted to third parties are reflected in campaign results on the statement of activities but are not treated as contribution revenue.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Years Ended June 30, 2015 and 2014

The Organization administers other campaigns for local employers. Under the agreements, the employers run campaigns, collect the pledges and make payments to the Organization for quarterly distribution to the agencies designated by the employee. The Organization collects administration fees for administrating the other campaigns. The Organization is acting as an agent in administrating the other campaigns and, therefore, contributions received and subsequently remitted to agencies are not included in the statement of activities.

12. Advertising:
    Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2015 and 2014 was $53 and $408, respectively.

13. Donated Services, Materials and Facilities:
    Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services do not meet the requirements for recognition in the financial statements and have not been recorded.

14. Functional Allocation:
    The Organization's management allocates expenses by function between program and supporting service classifications based upon estimated levels of functional time and effort.

15. Use of Estimates:
    Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

16. Income Taxes:
    The Organization is organized as a nonprofit corporation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. However, during the year ended June 30, 2014, the Organization recognized income unrelated to its tax exempt status and a provision for income taxes totaling $1,318 for state income tax was reflected in the financial statements. The Organization is subject to examination of their federal and state income tax filing in the United States and the State of Montana for the 2012 through 2014 tax years. There were no uncertain tax positions taken by the Organization. In the event that the Organization is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

17. Concentration of Credit risk:
    The Organization has accounts that are maintained in several banks. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of balances held at these banks in amounts that may, at times, exceed the $250,000 FDIC insurance limits.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

18. Date of Management's Review:
    Management has performed a review of the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2015. Management has performed this analysis through October 23, 2015, the date the financial statements were available to be issued.

Note B. Cash and Cash Equivalents

Cash and cash equivalents at June 30 are as follows:

	2015	2014
General Operating Deposits	239,477	128,568
Emergency Food and Shelter Fund Deposits	2,347	2,400
Employee Benefit Savings	2,221	1,759
General Operating Funds	2,145	1,650
General Operating Certificates of Deposit	499,196	321,871
Endowment Money Market	71,566	56,047
	816,952	512,295

Note C. Allowance Method Used to Record Bad Debts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Pledges receivable are presented net of an allowance for doubtful accounts of $30,000 and $30,000 at June 30, 2015 and 2014, respectively.

Note D. Fair Value Measurement of Investments and Investment Return

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Values Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization classifies assets and liabilities within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement of each individual asset and liability taken as a whole. The following table sets forth by level within the fair value hierarchy the gross components of investments measured at fair value on a recurring basis.

June 30, 2015	Level 1	Level 2	Level 3	Total
Fixed income securities	326,186	0	0	326,186
Equity securities	886,205	0	0	886,205
Complementary strategies	66,667	0	0	66,667
Real asset securities	144,471	0	0	144,471
Total	1,423,529	0	0	1,423,529

June 30, 2014	Level 1	Level 2	Level 3	Total
Fixed income securities	464,795	0	0	464,795
Equity securities	847,541	0	0	847,541
Complementary strategies	12,161	0	0	12,161
Real asset securities	146,687	0	0	146,687
Total	1,471,184	0	0	1,471,184

Investment income (loss) as of June 30, 2015 and 2014 is summarized as follows:

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

	2015	2014
Unrestricted:		
Interest income on cash and cash equivalents	3,205	3,298
Investment interest and dividends	37,740	38,674
Net realized and unrealized gains (losses)	(16,428)	170,275
	24,517	212,247

Note E. Other Assets

In November 2001, the Organization received a single premium whole life insurance policy from a donor. Under the terms of the insurance, the Organization receives the cash surrender value if the policy is terminated, and, upon death of the insured, receives a guaranteed death benefit. The cash surrender value of the life insurance as of June 30, 2015 and 2014 is $16,618 and $15,979, respectively, and is included in other assets in the accompanying statement of financial position.

On December 21, 2012, the Organization entered into a $990,000 revenue note agreement with Yellowstone County, Montana. The terms of the note agreement were payoff of a bridge loan to Wells Fargo Bank of $975,000 and $15,000 in origination and closing fees. These fees were capitalized immediately and will be amortized over the 20 year life of the loan. The Organization incurred amortization expense of $750 and $750 during the years ended June 30, 2015 and 2014, respectively.

Note F. Accrued Vacation Payable

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. Accrued but unused vacation leave in the amounts of $15,165 and $20,503 are included in accounts payable and accrued expenses on the statement of financial position at June 30, 2015 and 2014, respectively.

Note G. Agency Funds

The Organization acts as an agent for various organizations or projects where funds are to be disbursed only for the benefit of, and upon the instructions of those organizations or projects.

The Agency funds consist of cash and cash equivalents and pledges receivable for the following as of June 30:

	2015	2014
United Way Campaign, Donor Designations	97,042	68,764
Emergency Food and Shelter Program	0	403
	97,042	69,167

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

Note H. Notes Payable

On December 21, 2012, the Organization entered into a $990,000 revenue note agreement with Yellowstone County, Montana to provide long-term financing for the purchase of the building. On the same date Yellowstone County assigned the revenue note to Wells Fargo Bank. The terms of the note call for monthly payments of $5,768 commencing on January 15, 2013 with a fixed interest rate of 3.50%. The loan matures December 15, 2032 and is secured by the building.

The following is a schedule of future principal payments:

2016	37,787
2017	39,236
2018	40,651
2019	42,117
2020	43,566
Thereafter	697,010
Total	900,367

Note I. Capital Lease

On July 2, 2014, the Organization acquired equipment under the provision of a long-term lease. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and are included in equipment on the balance sheet. The leased equipment under the capital lease has a cost of $15,000. The following is a schedule of future minimum lease payments:

2016	3,000
2017	3,000
2018	3,000
2019	3,000
2020	250
	12,250

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

Note J. Net Assets

1. Unrestricted:

The Board of Directors designated certain funds for special purposes.

a. Board Designated Endowment is the principal of non-restricted gifts in the form of cash, bequests or stock.
b. Board Designated HRDC is funds to be used as matching contributions for the Human Resource Development Council's federally funded Assets for Independence Demonstration Program. The match consists of five annual payments of $5,000.
c. Board Designated General is funds to be used to stabilize program funding during periods of below normal campaigns, for special purpose programs grants, for special purpose UWYC programs and activities, and to support the administrative activities of the Organization.
d. Board Designated Building Fund was income generated from the leasing of office space in the United Way building. The income will be used to pay for future building maintenance costs. In addition, the board designated a portion of the unrestricted endowment to be used for building maintenance.
e. Board Designated Out of School was the net income from the CARE Academy program for the fiscal year 2010 to be used for after school programs.
f. Amounts for the following purposes have been designated as of June 30:

Unrestricted:

	2015	2014
Board designated endowment	157,051	183,454
Board designated HRDC	25,000	35,000
Board designated general	569,565	569,565
Board designated building fund	80,169	50,094
Board designated out of school	19,730	19,730
	851,515	857,843
Undesignated	1,672,005	1,540,736
	2,523,520	2,398,579

2. Permanently Restricted:

Permanently Restricted:

	2015	2014
Permanently restricted assets consist of endowment fund investments to be held indefinitely, the income from which is expendable for unrestricted purposes.	394,569	376,569

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2015 and 2014

Note K. Pension Plan

The Organization has a 403(b) Plan covering all full-time and part-time employees who have performed services for the Organization in at least one year of the immediately preceding five years and does not include employees whose total compensation during the year is less than the amount specified in the Internal Revenue Code. The Organization contributes an amount equal to 5% of the annual compensation plus matches up to 5% of annual compensation of the employees who are members of the plan. Organization contributions to the plan total $46,245 and $50,971, for the years ended June 30, 2015 and 2014, respectively.