

GREATER GALLATIN UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2015 and 2014



AMATICS
CPA GROUP

**GREATER GALLATIN UNITED WAY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Gallatin United Way, Inc.
Bozeman, MT

We have audited the accompanying financial statements of Greater Gallatin United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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. 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 auditors' 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 Organization'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 Organization'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 2015 financial statements referred to above present fairly, in all material respects, the financial position of Greater Gallatin United Way, Inc., as of June 30, 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.

Prior Period Financial Statements

The financial statements of Greater Gallatin United Way, Inc. as of June 30, 2014, were audited by other auditors whose report dated October 28, 2014, expressed an unmodified opinion on those statements.

Amatics CPA Group
Bozeman, Montana
August 27, 2015



**GREATER GALLATIN UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 388,304	\$ 387,987
Investments	386,262	364,263
Grants receivable	48,321	54,554
Pledges receivable, net of uncollectible allowance of \$22,000	180,856	182,428
	1,003,743	989,232
 OTHER ASSETS		
Endowment investments	395,971	388,348
Beneficial interest in agency endowment	45,018	45,254
Prepays and deposits	2,704	1,354
	443,693	434,956
Total assets	\$ 1,447,436	\$ 1,424,188

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued liabilities	\$ 196,805	\$ 169,209
Accrued compensated absences	7,540	3,470
Deferred revenue	-	4,049
Accrued allocations	435,000	416,380
Accrued designations	486	4,446
	639,831	597,554
 NET ASSETS		
Unrestricted	138,621	221,947
Temporarily restricted	385,835	321,538
Permanently restricted	283,149	283,149
	807,605	826,634
Total liabilities and net assets	\$ 1,447,436	\$ 1,424,188

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
SUPPORT				
Contributions	\$ 577,162	\$ 255,918	\$ -	\$ 833,080
Grants	409,227	10,000	-	419,227
Less: uncollected pledges	(16,304)	-	-	(16,304)
Less: designations	<u>(486)</u>	<u>-</u>	<u>-</u>	<u>(486)</u>
Total support	<u>969,599</u>	<u>265,918</u>	<u>-</u>	<u>1,235,517</u>
REVENUE				
KidsLINK parent fees	349,935	-	-	349,935
Global language fees	26,466	-	-	26,466
Other income	5,457	-	-	5,457
Proceeds from Montana Community Foundation	15,324	-	-	15,324
Change in FMV of beneficial interest in agency endowment	-	(236)	-	(236)
In-kind donations	48,487	-	-	48,487
Interest and dividend income	15,157	20,857	-	36,014
Net investment income (loss)	<u>(3,559)</u>	<u>(13,234)</u>	<u>-</u>	<u>(16,793)</u>
Total revenue	<u>457,267</u>	<u>7,387</u>	<u>-</u>	<u>464,654</u>
SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>209,008</u>	<u>(209,008)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>1,635,874</u>	<u>64,297</u>	<u>-</u>	<u>1,700,171</u>
EXPENSES				
Allocations	707,404	-	-	707,404
Functional expenses				
Program	829,019	-	-	829,019
Fundraising	88,007	-	-	88,007
Management	<u>94,770</u>	<u>-</u>	<u>-</u>	<u>94,770</u>
Total expenses	<u>1,719,200</u>	<u>-</u>	<u>-</u>	<u>1,719,200</u>
CHANGE IN NET ASSETS				
	(83,326)	64,297	-	(19,029)
Net assets at beginning of year	<u>221,947</u>	<u>321,538</u>	<u>283,149</u>	<u>826,634</u>
NET ASSETS AT END OF YEAR	<u>\$ 138,621</u>	<u>\$ 385,835</u>	<u>\$ 283,149</u>	<u>\$ 807,605</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
SUPPORT				
Contributions	\$ 600,786	\$ 248,820	\$ -	\$ 849,606
Grants	393,332	-	-	393,332
Less: uncollected pledges	(22,615)	-	-	(22,615)
Less: designations	<u>(4,446)</u>	<u>-</u>	<u>-</u>	<u>(4,446)</u>
Total support	<u>967,057</u>	<u>248,820</u>	<u>-</u>	<u>1,215,877</u>
REVENUE				
KidsLINK parent fees	323,901	-	-	323,901
Other income	14,947	-	-	14,947
Proceeds from Montana Community Foundation	13,096	-	-	13,096
Change in FMV of beneficial interest in agency endowment	-	4,318	-	4,318
In-kind donations	36,925	-	-	36,925
Interest and dividend income	10,774	15,180	-	25,954
Net investment income	<u>28,228</u>	<u>39,309</u>	<u>-</u>	<u>67,537</u>
Total revenue	<u>427,871</u>	<u>58,807</u>	<u>-</u>	<u>486,678</u>
SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>177,624</u>	<u>(177,624)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>1,572,552</u>	<u>130,003</u>	<u>-</u>	<u>1,702,555</u>
EXPENSES				
Allocations	683,379	-	-	683,379
Functional expenses				
Program	631,947	-	-	631,947
Fundraising	86,422	-	-	86,422
Management	<u>153,702</u>	<u>-</u>	<u>-</u>	<u>153,702</u>
Total expenses	<u>1,555,450</u>	<u>-</u>	<u>-</u>	<u>1,555,450</u>
CHANGE IN NET ASSETS				
	17,102	130,003	-	147,105
Net assets at beginning of year	<u>204,845</u>	<u>191,535</u>	<u>283,149</u>	<u>679,529</u>
NET ASSETS AT END OF YEAR	<u>\$ 221,947</u>	<u>\$ 321,538</u>	<u>\$ 283,149</u>	<u>\$ 826,634</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	<u>Programs</u>				<u>Fundraising</u>	<u>Management</u>	<u>Total Expenses</u>
	<u>Montana Afterschool Alliance</u>	<u>KidsLINK Program</u>	<u>Community Support</u>	<u>Total Programs</u>			
Bank charges	\$ -	\$ 6,915	\$ -	\$ 6,915	\$ -	\$ 4,618	\$ 11,533
Contract services	10,789	9,302	49,041	69,132	1,500	10,250	80,882
Curriculum	-	1,622	5,282	6,904	236	-	7,140
Fair share	-	1,232	2,601	3,833	596	1,030	5,459
Global language expense	-	25,320	-	25,320	-	-	25,320
Insurance	375	993	1,358	2,726	478	538	3,742
Investment fees	-	-	-	-	-	6,364	6,364
KidsLINK program expense	-	328,987	-	328,987	-	-	328,987
Maintenance and repairs	1,119	4,794	8,494	14,407	1,806	3,678	19,891
Marketing	599	3,894	19,683	24,176	29,435	2,010	55,621
Meetings	632	719	1,208	2,559	88	5,647	8,294
Professional development	14,246	27,131	769	42,146	1,057	881	44,084
Rent and utilities	7,650	10,317	15,707	33,674	4,515	965	39,154
Personnel costs	38,713	87,279	100,951	226,943	46,319	51,716	324,978
Postage	72	603	348	1,023	284	565	1,872
Supplies	3,931	16,310	5,006	25,247	741	6,216	32,204
Travel and training	<u>10,734</u>	<u>2,095</u>	<u>2,198</u>	<u>15,027</u>	<u>952</u>	<u>292</u>	<u>16,271</u>
	<u>\$ 88,860</u>	<u>\$ 527,513</u>	<u>\$ 212,646</u>	<u>\$ 829,019</u>	<u>\$ 88,007</u>	<u>\$ 94,770</u>	<u>\$ 1,011,796</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2014

	<u>Programs</u>					
	<u>KidsLINK Program</u>	<u>Community Support</u>	<u>Total Programs</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total Expenses</u>
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 9,952	\$ 9,952
Contract services	18,100	40,084	58,184	8,400	24,776	91,360
Curriculum	12,405	45,120	57,525	7	47	57,579
Fair share	-	3,983	3,983	626	1,081	5,690
Insurance	676	1,058	1,734	322	469	2,525
Investment fees	-	-	-	-	5,773	5,773
KidsLINK program expense	243,098	-	243,098	-	-	243,098
Maintenance and repairs	5,405	4,396	9,801	1,683	2,328	13,812
Marketing	3,619	24,576	28,195	27,329	1,833	57,357
Meetings	-	213	213	-	5,684	5,897
Professional development	1,624	677	2,301	50	251	2,602
Rent and utilities	7,991	17,558	25,549	3,886	6,358	35,793
Personnel costs	77,115	105,416	182,531	40,592	92,771	315,894
Postage	1,311	314	1,625	1,650	231	3,506
Supplies	1,607	2,474	4,081	1,416	1,384	6,881
Travel and training	<u>3,465</u>	<u>9,662</u>	<u>13,127</u>	<u>461</u>	<u>764</u>	<u>14,352</u>
	<u>\$ 376,416</u>	<u>\$ 255,531</u>	<u>\$ 631,947</u>	<u>\$ 86,422</u>	<u>\$ 153,702</u>	<u>\$ 872,071</u>

See notes to financial statements.

**GREATER GALLATIN UNITED WAY, INC.
STATEMENTS OF CASH FLOWS**

	Years ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (19,029)	\$ 147,105
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss (gain) and investment income	(29,448)	(87,671)
Change in beneficial interest in agency endowment	236	(4,318)
(Increase) decrease in current assets:		
Grants receivable	6,233	(41,008)
Pledges receivable	1,572	(16,689)
Prepays and deposits	(1,350)	-
Increase (decrease) in current liabilities:		
Accrued liabilities	27,596	65,069
Accrued compensated absences	4,070	(8,473)
Deferred revenue	(4,049)	(2,962)
Accrued allocations	18,620	33,880
Accrued designations	(3,960)	83,009
	491	167,942
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	10,227	27,836
Purchases of investments	(10,401)	-
	(174)	27,836
Net cash provided (used) by investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	317	195,778
Cash and cash equivalents at beginning of year	387,987	192,209
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 388,304	\$ 387,987

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations:

Greater Gallatin United Way, Inc. (the Organization) is a nonprofit agency organized to identify and prioritize human service issues; to garner and distribute resources to make an impact on those issues. The Organization serves people in Park, Madison, Meagher and Gallatin County, Montana. The Agency was incorporated with the State of Montana on December 19, 1978. The governing board consists of an elected president, and elected members of the board of directors. The Organization is supported primarily through contributions from an annual campaign, as well as grant funds.

Program Services

ONE Organization, UNITED Effort, GREAT Results

Greater Gallatin United Way (GGUW) is local, well-governed by volunteers, and has been an essential and vibrant supporter of the community. GGUW is a community leader in collective impact-driven work. To achieve our mission, we...

- identify priority community issues around **Health, Education and Income**
- utilize a strategic plan that directs GGUW to listen to the community, to provide leadership when warranted
- secure resources through an annual fundraising campaign, grant writing, utilizing existing community assets and developing innovative partnerships
- convene individuals, businesses, nonprofits and government to work collectively targeting root causes
- provide essential funding through our Community Investment/Impact process to vetted partner programs, ensuring donors that their dollars are wisely invested to make the most impact
- mobilize community members, businesses and their workforce to get involved by giving, advocating and/or volunteering

As a centralized philanthropy, we believe that real long-term change is best generated by a **united** effort, working collectively through a common agenda. When nonprofits are equipped to effectively collaborate, duplication is reduced and each partner's contribution multiplies to deliver greater results for the community.

Our work is comprised of 6 initiatives that address the quality of life for the whole community, from babies to seniors.

- **Community Investment/Impact** - Funds raised in GGUW's annual fundraising campaign are invested, "Community Investment/Impact", into over 60 local partner programs aimed at combating poverty and supporting education and health initiatives. Centralized fundraising benefits our community by allowing donors to easily support multiple well-vetted organizations with one donation; providing local organizations an efficient method to access community dollars through an open and stringent grant process; and, mobilizing businesses, their workforce and community members to get involved. The community participates at all levels through giving, advocating, and volunteering.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

- **kidsLINK Afterschool** – A GGUW initiative that was established in 1997 in response to an identified need in our rural communities; to keep children safe while their parents finished their work day. Today, in concert with school districts, this school-based/linked program operates in 29 locations across 4 counties and serves over 1,500 children daily. The program is a fun safe environment for K-8th graders that provides rich opportunities for learning, personal growth, and building relationships. With autonomy provided so that each school or district may use their community or neighborhood assets, the overall initiative objectives are to support working families, enhance children’s emotional/social well-being, improve children’s physical well-being, supplement children’s academic success, and spark their interest in learning through varied enrichment activities offered through the program. kidsLINK Afterschool is the result of partnerships with school districts, MSU, libraries, Gallatin County 4-H and other local organizations.
- **Montana Afterschool Alliance (MTAA)** - Over 10 years ago, GGUW was selected to spearhead a statewide initiative for out-of-school time programming. Today, GGUW is the fiscal agent for MTAA, which is an established statewide network of key stakeholders who champion for the success of all out-of-school time programs in Montana. 3 goals of the alliance are to improve quality, increase access, and increase sustainability of out-of-school-time programs in Montana. MTAA was awarded a 3-year grant on October 1st, 2014 from the C.S. Mott Foundation, with matching funds from other entities.
- **Gallatin Early Childhood Community Council (ECCC) and Project LAUNCH Initiative** - GGUW serves as the convener and fiscal agent for ECCC, which is a community-wide collaborative effort providing leadership to community partners with the goal of creating an efficient, effective and comprehensive system of early childhood services in the Greater Gallatin area to ensure that every child has a healthy and enriched beginning. Currently, GGUW and ECCC are partners in Montana Project LAUNCH Initiative (MT-PLI), an \$800,000 per year, 5-year federal SAMSHA grant received by Montana Department of Public Health and Human Services (DPHHS) in September 2014. The objective is to engage Montana’s early childhood partners to improve systems and access to mental health services for young children and families in our rural state while piloting evidence-based practices in Gallatin and Park Counties.
- **Graduation Matters Gallatin (GMG)** – GGUW is the convener for GMG, a coalition garnering community support to ensure students graduate from high school ready for college or career. The coalition’s “Attendance Matters” campaign highlights the importance of school-day attendance, as well as participation in out-of-school time activities, which are major predictors of graduating on time or at all.
- **Volunteer Connections / Volunteermt.org** - This GGUW initiative is to build volunteer engagement by providing a central resource for non-profit organizations to share quality volunteer opportunities with community members. The goals are to build the capacity for local volunteering, raise awareness of the value volunteers bring to our communities, and to mobilize volunteers to effectively and efficiently meet local needs.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

- **Other program services include** - FamilyWize, a drug discount program for those without prescription plans; the Mammogram Project with partners Bozeman Deaconess and Advanced Medical Imaging, that pays for diagnostic and screening mammograms for women who cannot afford them; and other projects that fulfill the Organization's mission to improve lives through mobilizing the caring power of our local communities.

To learn more, visit www.greatergallatinunitedway.org.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recorded when received, unless susceptible to accrual, and expenses are recognized when incurred. Net assets, 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 as follows:

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

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program restrictions. Restricted revenue is reported as unrestricted if the restrictions are met in the reporting period.

Permanently restricted net assets - Net assets subject to donor imposed stipulations require that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Income Taxes:

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and therefore, has made no provision for income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). The Organization's tax returns are open for examination by taxing authorities, generally, for three years after the due date of the return or the date the return was filed, whichever is later.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

For purposes of the cash flow statement, cash and cash equivalents includes amounts held in checking and savings accounts as well as certificates of deposit with an original maturity of three months or less. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor.

Donated Services, Materials, and Facilities:

The financial statements of the Organization reflect in-kind donations as revenues in the period received and as assets, expenses, or decreases of liabilities depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as an increase in temporarily restricted net assets.

Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions and Pledges Receivable:

Pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets upon satisfaction of restrictions. The Organization uses an allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment:

Property and equipment are recorded at their historical cost, or if donated, at the estimated fair market values at the date of donation based on independent appraisals. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets purchased with a useful life of more than one year and purchase price greater than \$2,500. Property and equipment is depreciated using the straight-line method over their estimated useful lives.

Endowment Investments:

Investments with D.A. Davidson 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. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Compensated Absences:

The Organization accrues annual leave based upon the employees anniversary date. An employee which separates from the Organization is paid for all granted and unused annual leave.

Financial Statement Presentation:

Certain reclassifications have been made to the June 30, 2014 balances to conform to the June 30, 2015 presentation.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

2. CONCENTRATION OF CREDIT RISK

The Organization receives a significant portion of its annual revenue from several local entities. If the funds from those groups were not provided it would adversely affect the operations of the Organization. However, the Organization does not feel the support will be withheld based on the positive ongoing relationships.

3. SEPARATION AGREEMENT

During the year ended June 30, 2014, the Organization entered into a separation agreement with a former key employee. Under the terms of this agreement, the Organization will pay the former key employee a total sum of \$70,000, over a period of two years, in monthly installments of \$2,917. The balance of this separation agreement is included in accrued liabilities on the Statement of Financial Position.

4. INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Components of investment and interest income for the years ended June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 36,014	\$ 25,954
Unrealized gains and (losses)	(18,116)	68,213
Realized gains and (losses)	<u>1,323</u>	<u>(676)</u>
	<u>\$ 19,221</u>	<u>\$ 93,491</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

4. INVESTMENTS (Continued)

Cost and fair market value of investments as of June 30, 2015 are as follows:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
Marketable securities - Operating:			
Bank insured deposit	\$ 12,180	\$ -	\$ 12,180
Mutual bond funds	129,365	(3,470)	125,895
Mutual large cap equity funds	98,298	9,890	108,188
Mutual growth funds	-	-	-
Exchange traded equity funds	37,445	28,053	65,498
Exchange traded fixed income funds	<u>35,747</u>	<u>351</u>	<u>36,098</u>
	<u>313,035</u>	<u>34,824</u>	<u>347,859</u>
Marketable securities - Legacy Fund:			
Bank insured deposit	322	-	322
Mutual bond funds	7,351	(257)	7,094
Mutual large cap equity funds	11,974	(245)	11,729
Mutual growth funds	-	-	-
Index funds	-	-	-
Mutual mid cap equity funds	3,079	(77)	3,002
Mutual equity income funds	-	-	-
Mutual small cap equity funds	1,135	(76)	1,059
Mutual foreign equity funds	2,796	(67)	2,729
Mutual sector equity funds	1,190	377	1,567
Exchange traded equity funds	7,799	406	8,205
Exchange traded fixed income funds	<u>2,738</u>	<u>(42)</u>	<u>2,696</u>
	<u>38,384</u>	<u>19</u>	<u>38,403</u>
Marketable securities - Endowment:			
Bank insured deposit	834	-	834
Mutual bond funds	79,240	(1,161)	78,079
Mutual large cap equity funds	118,112	8,892	127,004
Mutual mid cap equity funds	20,633	10,803	31,436
Mutual small cap equity funds	11,843	579	12,422
Mutual foreign equity funds	20,566	13,163	33,729
Exchange traded equity funds	44,902	40,379	85,281
Exchange traded fixed income funds	<u>27,624</u>	<u>(438)</u>	<u>27,186</u>
	<u>323,754</u>	<u>72,217</u>	<u>395,971</u>
Total Level 1 marketable securities	<u>\$ 675,173</u>	<u>\$ 107,060</u>	<u>\$ 782,233</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

4. INVESTMENTS (Continued)

Cost and fair market value of investments as of June 30, 2014 are as follows:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
Marketable securities - Operating:			
Bank insured deposit	\$ 21,104	\$ -	\$ 21,104
Mutual bond funds	153,428	955	154,383
Mutual large cap equity funds	10,714	5,126	15,840
Mutual growth funds	25,926	6,956	32,882
Index funds	57,510	27,606	85,116
Mutual equity income funds	<u>17,575</u>	<u>2,038</u>	<u>19,613</u>
	<u>286,257</u>	<u>42,681</u>	<u>328,938</u>
Marketable securities - Legacy Fund:			
Bank insured deposit	19	-	19
Mutual bond funds	10,507	34	10,541
Mutual large cap equity funds	4,165	(1)	4,164
Mutual growth funds	6,210	99	6,309
Index funds	7,543	96	7,639
Mutual mid cap equity funds	1,380	24	1,404
Mutual equity income funds	2,778	6	2,784
Mutual small cap equity funds	1,035	19	1,054
Mutual small to mid cap value funds	<u>1,380</u>	<u>31</u>	<u>1,411</u>
	<u>35,017</u>	<u>308</u>	<u>35,325</u>
Marketable securities - Endowment:			
Bank insured deposit	1,771	-	1,771
Mutual bond funds	109,455	1,949	111,404
Mutual large cap equity funds	34,713	10,996	45,709
Mutual growth funds	46,376	14,766	61,142
Index funds	48,984	37,047	86,031
Mutual mid cap equity funds	6,144	7,387	13,531
Mutual equity income funds	31,813	3,904	35,717
Mutual small cap equity funds	10,666	1,706	12,372
Mutual small to mid cap value funds	<u>13,926</u>	<u>6,745</u>	<u>20,671</u>
	<u>303,848</u>	<u>84,500</u>	<u>388,348</u>
Total Level 1 marketable securities	<u>\$ 625,122</u>	<u>\$ 127,489</u>	<u>\$ 752,611</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

5. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During the years ended June 30, 2015 and 2014, fees paid for management of endowment funds were \$6,364 and \$5,773, respectively.

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") 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 classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 MUPMIFA.

In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of MUPMIFA requires the Organization to retain as a fund of perpetual direction. As of June 30, 2015 and 2014, the endowment fund had no such deficiency.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

5. ENDOWMENT (Continued)

The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment and Investment Committee shall review the fiscal year end account statements and returns of the endowment account and may transfer, to the general operating account, so much of the net income, but not more than five percent (5%) of the total portfolio balance of the account as valued on the last business day of the fiscal year, as they deem necessary and appropriate. Income shall be defined as dividends from stocks and interest from bond funds. In addition, the Board may set aside and transfer to the general operating account or can designate for a project so much of the net appreciation, realized and unrealized, in fair market value of the assets of the endowment funds over historic value. The historic value is the value of all gifts and transfer to the fund as of the date of such transfer. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to preserve the fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 148,073	\$ 247,898	\$ 395,971
Beneficial interest in agency endowment	-	9,767	35,251	45,018
	<u>\$ -</u>	<u>\$ 157,840</u>	<u>\$ 283,149</u>	<u>\$ 440,989</u>
Endowment net assets, beginning of year	\$ -	\$ 150,453	\$ 283,149	\$ 433,602
Investment return:				
Change in FMV of beneficial interest in agency endowment	-	(236)	-	(236)
Interest and dividend income	-	20,857	-	20,857
Net investment income (loss)	-	(13,234)	-	(13,234)
	<u>\$ -</u>	<u>\$ 157,840</u>	<u>\$ 283,149</u>	<u>\$ 440,989</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

5. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 140,450	\$ 247,898	\$ 388,348
Beneficial interest in agency endowment	<u>-</u>	<u>10,003</u>	<u>35,251</u>	<u>45,254</u>
	<u>\$ -</u>	<u>\$ 150,453</u>	<u>\$ 283,149</u>	<u>\$ 433,602</u>
 Endowment net assets, beginning of year	 \$ -	 \$ 91,646	 \$ 283,149	 \$ 374,795
Investment return:				
Change in FMV of beneficial interest in agency endowment	-	4,318	-	4,318
Interest and dividend income	-	15,180	-	15,180
Net investment income (loss)	<u>-</u>	<u>39,309</u>	<u>-</u>	<u>39,309</u>
	<u>\$ -</u>	<u>\$ 150,453</u>	<u>\$ 283,149</u>	<u>\$ 433,602</u>

The beneficial interest in agency endowment (agency fund) is held at the Montana Community Foundation (the Foundation). The agency fund is comprised of funds contributed by the Organization to the Foundation. This fund is reflected on the accompanying financial statements as an asset and related earnings are included in revenue. The amount held by the Montana Community Foundation in the agency fund as of June 30, 2015 and 2014 was \$45,018 and \$45,254, respectively.

The Organization has additional endowments held by the Foundation in a donor advised fund. The donor advised fund is comprised of contributions from third-party donors to the Foundation. This fund does not qualify to be recorded on the Organization's Statement of Financial Position. However, earnings from this fund are reported on the statement of activities. The amount held by the Montana Community Foundation in the donor advised fund as of June 30, 2015 and 2014 was \$323,802 and \$324,709, respectively.

6. LEASES

The Organization leases office space under a five-year agreement ending June 30, 2019. The monthly lease obligation for the fiscal year ending June 30, 2015 was \$2,657. The future lease payments are as follows:

2016	\$ 32,844
2017	33,829
2018	34,844
2019	<u>35,890</u>
	<u>\$ 137,407</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

7. DONATED SERVICES, MATERIALS, AND FACILITIES

The following in-kind donations were recognized as expenses for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Curriculum/community outreach	\$ -	\$ 2,795
Marketing	30,107	31,035
Maintenance and repairs	2,200	-
Meetings	1,500	-
Supplies	250	125
Contract services	<u>14,430</u>	<u>2,970</u>
	<u>\$ 48,487</u>	<u>\$ 36,925</u>

8. RESTRICTIONS ON NET ASSETS

The Organization's Board of Directors may choose to place limitations on a portion of the unrestricted net assets. Temporarily restricted net assets is comprised of the following as of June 30:

	<u>2015</u>	<u>2014</u>
C.S. Mott Foundation	\$ -	\$ 1,085
Anonymous Foundation - kidsLINK	5,000	15,000
GMM - OPI	5,404	5,000
JC Billion	31,241	50,000
C.S. Mott Foundation - Montana Afterschool Alliance	27,140	-
Montana Afterschool Alliance	57,910	-
Yellowstone Boys & Girls Ranch	1,300	-
Gilhousen Family Foundation	100,000	100,000
Unreleased agency endowment earnings	9,767	10,003
Unreleased endowment investment earnings	<u>148,073</u>	<u>140,450</u>
	<u>\$ 385,835</u>	<u>\$ 321,538</u>

9. OVERHEAD RATIO

The following overhead (fundraising) ratio is equal to fundraising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the net method recommended in functional expenses and overhead reporting guidelines for United Ways, United Way of America, 2003.

	<u>2015</u>	<u>2014</u>
Numerator: Fundraising and management expense, including payments to affiliates	\$ <u>182,777</u>	\$ <u>240,124</u>
Denominator: Total support and revenue, excluding in-kind donations and unrealized gains (losses) on investments	\$ 1,669,800	\$ 1,597,417
Add: Designations	<u>486</u>	<u>4,446</u>
	<u>\$ 1,670,286</u>	<u>\$ 1,601,863</u>
Numerator/denominator expressed as a percentage	<u>10.9 %</u>	<u>15.0 %</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

10. RETIREMENT PLAN

In January 2004, with revisions in 2014, the Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). All employees who are 21 years old at minimum, receiving at least \$4,000 in compensation, as defined in the plan, during any one prior year and who are reasonably expected to receive at least \$5,000 in compensation during the current year are eligible to participate in the plan pursuant to the terms of the plan. According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. Participants may direct their investments among the funds offered by the plan. During the years ended June 30, 2015 and 2014, the Organization made a matching contribution of \$4,902 and \$4,134, respectively, to the SIMPLE plan.

11. GRANTS

Gilhousen Family Foundation

During the years ended June 30, 2015 and 2014 the Organization received grants of \$30,000 per year from the Gilhousen Family Foundation for kidsLINK Afterschool, the afterschool program initiative. The funds were expended for direct program expenses, in accordance with the grant each year.

During the years ended June 30, 2015 and 2014, the Organization received a grant for \$100,000 per year with a stated purpose to use the funds to support the administrative overhead expenses for the 2015-2016 and 2014-2015 fiscal years, so the majority of other donors' contributions could support the program services of Greater Gallatin United Way. Those funds were expended in accordance with their contribution.

21st Century Community Learning Centers Grant

During the years ended June 30, 2015 and 2014, the Organization received grants 27, respectively, from the Montana Office of Public Instruction to fund staff and support for kidsLINK Afterschool, in partnership with Bozeman School District #7. The Organization received similar grant awards during the year ended June 30, 2015 and 2014, in the amount of \$125,674 and \$117,374, respectively, to fund staff and support for kidsLINK Afterschool, in partnership with Belgrade Public Schools District. The increase in funding for both the Bozeman and Belgrade grants from 2014 to 2015 reflects a one-time award of funding designated for professional development conference (totaling \$25,480) hosted by kidsLINK Afterschool and the Montana Afterschool Alliance.

Mountain Sky Guest Ranch Fund (affiliate of the Arthur M. Blank Family Foundation)

During the years ended June 30, 2015 and 2014, the Organization received a grant award totaling \$15,000, to support kidsLINK Afterschool program direct costs. The funds were expended in accordance with the grant awards.

During the year ended June 30, 2014, the Organization received grant funding in the amount of \$5,000 to provide continuing staff support for the Early Childhood Community Council through December 2014. Funds were expended accordingly by end of the grant period.

Yellowstone Club Community Foundation

During the years ended June 30, 2015 and 2014, the Organization received grant awards in the amount of \$8,000 and \$10,000 for the school years 2015-2016 and 2014-2015, respectively, from the Yellowstone Club Community Foundation for kidsLINK Afterschool, restricted for Ophir School in Big Sky. The latter grant has been expended in accordance with the grant and the former will be expended in the current school year (2015-2016).

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

11. GRANTS (Continued)

Montana Department of Public Health and Human Services

Funds were expended during the year ended June 30, 2015, from a Best Beginnings/MIECHV (Maternal, Infant, and Early Childhood Home Visiting) grant award of \$135,000 which was originally awarded on September 1, 2011 for a three year period, (originally for two year period, but timing was extended for an additional year) for the purpose of convening early childhood key stakeholders, conducting a comprehensive early childhood system needs assessment, and identifying community strategies to prioritize and address identified issues. Additional funds in the amount of \$103,458 were awarded for the third year (October 1, 2013 through September 30, 2014). \$56,623 was expended and reimbursed of MIECHV funding in the first quarter of fiscal year 2014-2015 (July 2014 to September 2014 - final quarter of the grant). The grant is an expense reimbursement grant with funds claimed on budget for this fiscal year.

During the years ended June 30, 2015 and 2014, the Organization received Montana Out-of-School-Time grant funds of \$95,000, per year, from the Montana Department of Public Health and Human Services to fund staff and support for kidsLINK Afterschool programs at 19 sites in 2014-2015 and 2013-2014. Of the 19 sites, eight kidsLINK Afterschool sites were funded in the Bozeman School District #7, four sites in the Belgrade Public School District and the remaining seven sites were in smaller school districts in Gallatin and Park counties, including one in Amsterdam, one in Manhattan, and one in West Yellowstone. The awards are expense reimbursement grants and all funds were claimed.

C.S. Mott Foundation

During the year ended June 30, 2015 and 2014, the Organization received grant awards in the amount of \$75,000 and \$15,000, respectively, from the C.S. Mott Foundation for the purpose of helping the Organization convene, organize, and support the Montana Afterschool Alliance, a statewide initiative to improve the quality, access, and sustainability of out-of-school programs across the state. The \$75,000 grant award is the first award of three (one per year) for a total of \$225,000, pending fulfillment of a required 100% match for each year's award of \$75,000 by September 30. \$22,500 in foundation grant awards was pledged per year for three years by three foundations (Dennis and Phyllis Washington Foundation, an anonymous foundation, and First Interstate Bank Foundation - see notes following), which counts toward the match. \$24,728 was raised in conference sponsorships and conference registration fees from a statewide professional development conference co-hosted by MTAA and kidsLINK Afterschool for out-of-school-time professionals in June 2015. These funds will also count toward the match. Finally, in-kind contributions totaling \$5,624 will count toward the match. Total match dollars collected by June 30, 2015 were \$52,852. The remaining third of the required match was pledged in July 2015, exceeding the first year match requirement by just over \$5,000. Funds cover operating expenses for the MTAA as well as a statewide needs assessment of out-of-school programming to take place during fiscal year 2015-2016. Funds have been/will be spent in accordance with the grant award.

Dennis & Phyllis Washington Foundation

During the year ended June 30, 2015, the Organization received a grant award in the amount of \$30,000 to be paid out over three years (\$10,000 per year), from the Dennis and Phyllis Washington Foundation to support the Montana Afterschool Alliance, as described above. These funds are considered as match funds by the C.S. Mott Foundation for their required match. Funds cover operating expenses for the MTAA as well as a statewide needs assessment of out-of-school programming to take place during fiscal year 2015-2016. Funds have been/will be spent in accordance with the grant award.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
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11. GRANTS (Continued)

Anonymous Foundation for MTAA

During the year ended June 30, 2015, the Organization received a grant award in the amount of \$30,000 to be paid out over three years (\$10,000 per year), from a foundation that wishes to remain anonymous, to support the Montana Afterschool Alliance as described above. These funds are considered as match funds by the C.S. Mott Foundation for their required match. Funds cover operating expenses for the MTAA as well as a statewide needs assessment of out-of-school programming to take place during fiscal year 2015-2016. Funds have been/will be spent in accordance with the grant award.

During the year ended June 30, 2015, the Organization received a grant award in the amount of \$5,000, from a foundation that wishes to remain anonymous, to support the kidsLINK Afterschool program. These funds are specifically designated to support kidsLINK Afterschool data collection/evaluation and collective impact work that crosses between kidsLINK Afterschool programming and Graduation Matters Gallatin/Early Childhood Community Council initiatives. The funds will be spent in accordance with the grant award.

First Interstate Bank Foundation

During the year ended June 30, 2015, the Organization received a grant award in the amount of \$7,500 to be paid out over three years (\$2,500 per year), from the First Interstate Bank Foundation to support the Montana Afterschool Alliance as described above. These funds are considered as match funds by the C.S. Mott Foundation for their required match. Funds cover operating expenses for the MTAA as well as a statewide needs assessment of out-of-school programming to take place during fiscal year 2015-2016. Funds have been/will be spent in accordance with the grant award.

Graduation Matters Montana, Office of Public Instruction

During the years ended June 30, 2015 and 2014, the Organization received a Graduation Matters Montana Challenge grant award in the amount of \$5,000 per year, from the Montana Office of Public Instruction for the purpose of helping the Organization convene and organize the Graduation Matters Gallatin (GMG) initiative. Funds were specified to support staff salary for a GMG coordinator, and have been/will be spent within the grant periods in accordance with the grant awards.

LAUNCH (Linking Actions with Unmet Needs of Children's Health)

During the year ended June 30, 2015, the Organization received funding from the Montana Department of Public Health and Human Safety, through the Gallatin City-County Health Department (acting as local fiscal agent) in the amount of \$19,876 for the purpose of supporting staff (Young Child Wellness Coordinator) and other costs associated with convening and facilitating the LAUNCH Project in Gallatin and Park Counties. This project aims to identify and support the social-emotional/mental health needs of young children (0-8 year olds) and their families through a systems-approach over a 5-year period. Grant funds are federal (from SAMHSA – Substance Abuse and Mental Health Services Administration) and are expense reimbursable. Allowable expenses for the Organization were claimed and reimbursed in accordance with the grant award.

12. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through August 27, 2015, the date on which the financial statements were available to be issued.