



**UNITED WAY OF SOUTH HAMPTON ROADS
AND AFFILIATES**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2016

(With Summarized Comparative Information for 2015)



ASSURANCE, TAX & ADVISORY SERVICES

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of South Hampton Roads
Norfolk, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Way of South Hampton Roads and Affiliates, 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 consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 auditor's 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 consolidated financial position of United Way of South Hampton Roads and Affiliates as of June 30, 2016 and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of South Hampton Roads and Affiliates' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2015. 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 financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is 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 consolidated 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.

PB Mares, LLP

Norfolk, Virginia
October 18, 2016

CONSOLIDATED FINANCIAL STATEMENTS

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2016 with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 3,596,516	\$ 3,277,084
Investments	12,823,889	11,221,297
Funds held in trust by others - net	1,056,334	1,137,989
Split interest agreements	42,626	57,493
Pledges receivable - net	5,690,845	5,418,912
Prepaid campaign expenses	40,169	31,026
Other receivables	19,118	51,754
Prepaid expenses	70,961	98,814
Property and equipment - net	882,207	971,253
Cash surrender value of life insurance	<u>106,046</u>	<u>98,306</u>
 Total assets	 <u>\$ 24,328,711</u>	 <u>\$ 22,363,928</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 209,087	\$ 192,014
Allocations payable	2,640,625	2,941,747
Capital lease obligation	20,579	19,402
Deferred revenue	3,653	6,022
Due to other UW's, federated agencies and other organizations	<u>5,933,824</u>	<u>5,734,264</u>
 Total liabilities	 <u>8,807,768</u>	 <u>8,893,449</u>
Net Assets		
Unrestricted:		
Designated by board	113,718	191,791
Undesignated	11,402,229	8,924,360
Temporarily Restricted	2,948,662	3,216,339
Permanently Restricted	<u>1,056,334</u>	<u>1,137,989</u>
 Total net assets	 <u>15,520,943</u>	 <u>13,470,479</u>
 Total liabilities and net assets	 <u>\$ 24,328,711</u>	 <u>\$ 22,363,928</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2016 with Comparative Totals for 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016</u>	<u>2015</u>
Public support and revenues					
Public Support:					
Contributions:					
United Way of SHR annual campaign	\$ 8,435,470	\$ 5,739,324	\$ -	\$ 14,174,794	\$ 12,682,739
Combined Federal Campaign of South Hampton Roads	9,854	2,970,763	-	2,980,617	3,380,319
South Hampton Roads Commonwealth of Virginia Campaign	8,209	66,777	-	74,986	81,800
United Way and Combined Charities Campaign	293,245	978,311	-	1,271,556	1,334,879
Other	<u>910,871</u>	<u>-</u>	<u>-</u>	<u>910,871</u>	<u>1,199,230</u>
	9,657,649	9,755,175	-	19,412,824	18,678,967
Less: Amounts designated by donors for specific organizations	<u>(1,415,377)</u>	<u>(6,881,563)</u>	<u>-</u>	<u>(8,296,940)</u>	<u>(7,872,546)</u>
Total public support	<u>8,242,272</u>	<u>2,873,612</u>	<u>-</u>	<u>11,115,884</u>	<u>10,806,421</u>
Revenues:					
Program administration fees	668,183	-	-	668,183	632,051
Interest income	21,031	-	-	21,031	14,159
Net realized and unrealized gains	(90,034)	-	(81,655)	(171,689)	(113,985)
Gains on cash surrender value on life insurance policies	7,741	-	-	7,741	3,624
Change in value of split interest agreements	-	133	-	133	1,442
Contract fees	107,269	-	-	107,269	105,625
Other	43,981	-	-	43,981	632,429
100 Women Campaign	1,983,940	-	-	1,983,940	-
Administrative fees retained on amounts designated by donors for specific organizations	178,476	110,793	-	289,269	-
Net assets released from restrictions	<u>3,252,215</u>	<u>(3,252,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6,172,802</u>	<u>(3,141,289)</u>	<u>(81,655)</u>	<u>2,949,858</u>	<u>1,597,945</u>
Total public support and revenues	<u>14,415,074</u>	<u>(267,677)</u>	<u>(81,655)</u>	<u>14,065,742</u>	<u>12,404,366</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2016 with Comparative Totals for 2015

Concluded	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016</u>	<u>2015</u>
Allocations and expenses					
Allocations:					
Certified agencies	\$ 5,170,790	\$ -	\$ -	\$ 5,170,790	\$ 5,227,480
Designation payments to agencies	10,142,155	-	-	10,142,155	9,521,688
Less - allocations funded through donor designations	<u>(7,999,671)</u>	<u>-</u>	<u>-</u>	<u>(7,999,671)</u>	<u>(7,549,946)</u>
Total allocations	<u>7,313,274</u>	<u>-</u>	<u>-</u>	<u>7,313,274</u>	<u>7,199,222</u>
Expenses:					
Payments to state and national organizations	152,581	-	-	152,581	143,190
Interest	2,569	-	-	2,569	3,082
Functional expenses:					
Fundraising	1,867,402	-	-	1,867,402	1,753,878
Program services	1,842,636	-	-	1,842,636	1,195,360
Supporting services	<u>836,816</u>	<u>-</u>	<u>-</u>	<u>836,816</u>	<u>852,723</u>
Total expenses	<u>4,702,004</u>	<u>-</u>	<u>-</u>	<u>4,702,004</u>	<u>3,948,233</u>
Total allocations and expenses	<u>12,015,278</u>	<u>-</u>	<u>-</u>	<u>12,015,278</u>	<u>11,147,455</u>
Change in net assets	<u>2,399,796</u>	<u>(267,677)</u>	<u>(81,655)</u>	<u>2,050,464</u>	<u>1,256,911</u>
Net assets - beginning of year	<u>9,116,151</u>	<u>3,216,339</u>	<u>1,137,989</u>	<u>13,470,479</u>	<u>12,213,568</u>
Net assets - end of the year	<u>\$ 11,515,947</u>	<u>\$ 2,948,662</u>	<u>\$ 1,056,334</u>	<u>\$ 15,520,943</u>	<u>\$ 13,470,479</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2016 with Comparative Totals for 2015

	<u>Fundraising</u>	<u>Program Services</u>	<u>Supporting</u>			
	<u>Fundraising</u>	<u>Allocations</u>	<u>Management</u>			
	<u>Annual</u>	<u>and Community</u>	<u>and</u>			
	<u>Campaigns</u>	<u>Agencies</u>	<u>General</u>	<u>2016</u>	<u>2015</u>	
		<u>CPP, LLC</u>		<u>Total</u>	<u>Total</u>	
Salaries	\$ 1,015,823	\$ 76,523	\$ 586,706	\$ 428,039	\$ 2,107,091	\$ 2,006,334
Employee benefits and payroll taxes	<u>269,178</u>	<u>16,414</u>	<u>153,758</u>	<u>127,695</u>	<u>567,045</u>	507,029
Total salaries and related expenses	1,285,001	92,937	740,464	555,734	2,674,136	2,513,363
Professional fees	13,276	270	32,096	79,176	124,818	125,623
Supplies	13,725	88	1,617	5,082	20,512	19,180
Telephone	8,885	1,288	1,320	4,358	15,851	18,205
Postage	10,257	2,771	665	5,888	19,581	19,059
Occupancy	14,917	11,174	15,178	23,649	64,918	94,045
Rental and maintenance of equipment	48,993	268	30,972	69,054	149,287	77,702
Printing and publications	54,915	1,710	4,702	279	61,606	58,524
Promotion	59,503	-	-	5,306	64,809	52,124
Travel	19,644	3	1,002	5,674	26,323	29,035
Conferences, conventions and training	97,990	408	2,928	10,697	112,023	99,226
Personnel recruitment	1,911	-	5,528	4,735	12,174	12,955
Membership dues	1,403	-	-	3,719	5,122	11,229
Miscellaneous	23,974	7,384	1,609	42,127	75,094	67,504
Community Impact program expense	-	-	855,690	-	855,690	306,050
Combined Federal Campaign of SHR	85,204	-	-	-	85,204	92,797
United Way Combined Charities Campaign	<u>64,368</u>	-	-	-	<u>64,368</u>	68,720
Total expenses before depreciation and amortization	1,803,966	118,301	1,693,771	815,478	4,431,516	3,665,341
Depreciation and amortization	<u>63,436</u>	-	<u>30,564</u>	<u>21,338</u>	<u>115,338</u>	136,620
Total functional expenses	<u>\$ 1,867,402</u>	<u>\$ 118,301</u>	<u>\$ 1,724,335</u>	<u>\$ 836,816</u>	<u>\$ 4,546,854</u>	<u>\$ 3,801,961</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Cash Flows

Year Ended June 30, 2016 with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,050,464	\$ 1,256,911
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	115,338	136,620
Provision for uncollectible pledges	(29,730)	(86,753)
Gain on disposal of property and equipment	(716)	-
Realized and unrealized gains	171,689	113,985
Changes in assets and liabilities:		
Pledges receivable	(242,203)	(602,444)
Prepaid campaign expenses	(9,143)	(26,909)
Other receivables	32,636	(6,893)
Prepaid expenses	27,853	(9,514)
Accounts payables and accrued expenses	17,073	15,217
Allocations payable	(301,122)	46,357
Deferred revenue	(2,369)	(1,908)
Due to other United Ways, federated agencies and other organizations	<u>199,560</u>	<u>(223,617)</u>
Net cash provided by operating activities	<u>2,029,330</u>	<u>611,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the purchase of property and equipment	(13,707)	(18,569)
Increase in cash surrender value of life insurance	(7,740)	(3,624)
Net change in investments	<u>(1,677,759)</u>	<u>(725,217)</u>
Net cash used in investing activities	<u>(1,699,206)</u>	<u>(747,410)</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statements of Cash Flows

Year Ended June 30, 2016 with Comparative Totals for 2015

(Concluded)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital leases	\$ <u>(10,692)</u>	\$ (10,501)
Net cash used in financing activities	<u>(10,692)</u>	<u>(10,501)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	319,432	(146,859)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,277,084</u>	<u>3,423,943</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,596,516</u>	<u>\$ 3,277,084</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 2,569</u>	<u>\$ 3,082</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Purchase of property and equipment financed with capital lease	<u>\$ 11,869</u>	<u>\$ -</u>

See accompanying notes.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

United Way of South Hampton Roads (UWSHR) is a nonprofit corporation chartered under the laws of the Commonwealth of Virginia in 1923. UWSHR is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

UWSHR conducts fundraising campaigns, acts as an administrative agent and distributes funds to participating area organizations according to donor designations and fund distribution committee recommendations. UWSHR's mission is to build a stronger South Hampton Roads by mobilizing its communities to improve people's lives.

United Way of South Hampton Roads Foundation (Foundation) is a nonprofit corporation chartered under the laws of the Commonwealth of Virginia in 1998. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The purpose of the Foundation is to benefit and carry out the purposes of the United Way of South Hampton Roads by providing a long-term base of financial support for the United Way, its certified agencies and its charitable, social, educational and human service programs, activities and purposes.

Charitable Pledge Processing, LLC (CPP, LLC) is a single member limited liability company owned by UWSHR and chartered under the laws of the Commonwealth of Virginia in 2003. CPP, LLC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of CPP, LLC is to provide accurate, cost-effective, timely pledge processing and distribution services to firms and organizations. It is run by an independent board of directors. CPP, LLC does not raise funds or perform resource allocations. All of CPP, LLC's work takes place in Norfolk, Virginia. CPP, LLC has an operating agreement and asset management agreement with UWSHR to conduct business. CPP, LLC uses its own trademarks.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of UWSHR; CPP, LLC; and the Foundation (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets; and maintains three groups of funds: operating fund, endowment fund and the Foundation. The management of the Organization believes that this framework ensures the observance of limitations and restrictions placed on the use of available resources. Public support and revenues temporarily restricted when originally received due to donor-imposed stipulations that either expire by the passage of time or use are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions when the restriction expires or is otherwise satisfied.

The accompanying consolidated financial statements do not include the accounts of the United Way agencies, each of which have an independent Board of Directors and conduct independent services programs.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The restricted cash balance was \$145,548 as of June 30, 2016.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value in the consolidated statements of financial position. Investment income, including gains and losses on investments have been recognized in the consolidated statements of activities as increases or decreases in permanently restricted, temporarily restricted and unrestricted net assets as appropriate. Investment related expenses netted against investment revenues totaled \$32,291 for 2016.

Property and Equipment - Net

Purchased items are stated at cost and donated items at fair market value at the date of the gift and depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	33 1/3 years
Office furniture and equipment	5 years
Data processing equipment	5 years
Leasehold improvements	5-10 years
Computer software	5 years
Transportation equipment	5 years

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and renewals greater than \$500 are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred and totaled \$78,468 for 2016.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could vary from those estimates and assumptions.

Allowance for Uncollectible Pledges

The Organization provides an allowance for uncollectible pledges based upon prior experience and management's assessment of the collectability of existing specific accounts.

Contract Revenue

Revenue is recognized at the time services are provided. Revenue collected on contracts in advance is deferred and taken into income as services are provided.

Functional Allocation of Expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Split Interest Agreements

Split interest agreement assets are recorded at fair value on the date of receipt and are adjusted to fair value on a recurring basis.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fundraising Campaigns

United Way of South Hampton Roads conducts or participates in the following fundraising campaigns:

United Way of South Hampton Roads Campaign:

This is an annual campaign conducted to raise support for allocation to participating agencies. Pledges are reported in the consolidated statements of financial position and allowances are provided for amounts estimated to be uncollectible. All contributions are considered available for unrestricted use unless specifically restricted by the donor. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Combined Federal Campaign of South Hampton Roads (CFC):

This is an annual fundraising campaign for soliciting contributions from federal employees and members of the uniformed services of the United States by approved participating federated agencies. United Way of South Hampton Roads is one of the federated agencies and the fiscal agent for the campaign. All pledges received are recorded in separate accounts until distributed to the participating agencies.

South Hampton Roads Commonwealth of Virginia Campaign (CVC):

This is an annual fundraising campaign for soliciting contributions from Virginia State Employees. United Way of South Hampton Roads is one of the federated agencies and the fiscal agent for the campaign. All pledges received are recorded in separate accounts until distributed to the participating agencies.

United Way and Combined Charities Campaign (UW/CCC):

This is an annual fundraising campaign for soliciting contributions from city and school employees from the cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach. United Way of South Hampton Roads is the fiscal agent for the campaign. All pledges received are recorded in separate accounts until distributed to the participating agencies.

Pledges receivable are reported at estimated net realizable value in the accompanying consolidated statements of financial position.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Donated Items

Donated property, materials and equipment are reflected as contributions at their estimated fair market values at date of receipt. No amounts are reflected in the consolidated financial statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns.

Income Taxes

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization's management has evaluated the impact of this guidance to its consolidated financial statements. The Organization is not aware of any material uncertain tax positions, and has not accrued the effect of any uncertain tax provisions as of June 30, 2016. The Organization's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Reclassifications

Certain reclassifications were made to the 2015 balances to conform to the 2016 presentation. These reclassifications had no effect on the previously reported change in net assets.

NOTE 3. ANNUAL CAMPAIGNS AND PLEDGES

Total pledges of \$13,196,253 were received during the 2015/2016 United Way of South Hampton Roads Campaigns. All funds raised as a result of United Way of South Hampton Roads campaign, the CFC, CVC, and the UW CCC are distributed to area United Ways and other organizations in accordance with donor designations and fund distribution committee recommendations.

The annual CFC, the CVC, and UW/CCC, as described in Note 2, are joint campaigns of the local United Ways, and the national and international health/service agencies. All campaign monies are received and distributed by the principal combined fund organization (PCFO) and the community fundraising organization (CFRO) to the participating national and international health/service

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 3. ANNUAL CAMPAIGNS AND PLEDGES (Concluded)

agencies and the local United Ways (which include Albermarle United Way, the Virginia Peninsula United Way and the United Way of South Hampton Roads). United Way of South Hampton Roads is the PCFO for the CFC, and CFRO for the UW/CCC, and processing agent for the CVC. The 2015/2016 CFC, CVC, and UW/CCC Campaign pledges received totaled \$3,113,841, \$74,395, and \$1,309,291, respectively.

Pledges receivable in the Operating Fund consist of the following at June 30, 2016:

	Total Receivable	Allowances for Uncollectibles	Net
Current year campaigns:			
United Way of South Hampton Roads Combined Federal Campaign of South Hampton Roads	\$ 5,776,868	\$ (675,427)	\$ 5,101,441
South Hampton Roads Commonwealth of Virginia Campaign	194,021	(28,784)	165,237
United Way and Combined Charities Campaign	42,681	(3,003)	39,678
Prior year campaigns:			
United Way of South Hampton Roads	413,777	(61,688)	352,089
	72,400	(40,000)	32,400
	\$ 6,499,747	\$ (808,902)	\$ 5,690,845

The current campaigns pledges receivable are expected to be collected by December 31, 2017. The prior campaigns' pledges receivable are expected to be collected by December 31, 2016. Also included in pledges receivable are long-term pledges due in future years as follows:

Due in less than one year	\$ 69,000
Due in one to five years	135,000
Due in six to ten years	4,500
	\$ 208,500

NOTE 4. FAIR VALUE MEASUREMENTS

Funds held in trust by others are composed of the following at fair market value as of June 30, 2016:

Community Foundation Endowment Fund	\$ 629,046
Irrevocable Trusts	427,288
Total funds held in trust by others	\$ 1,056,334

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

At June 30, 2016, investments in the Operating Fund and Foundation were composed of the following:

Cash and cash equivalents	\$ 259,969
Long-term certificates of deposit	929,696
Government and corporate bond obligations	3,839,708
Bonds	1,000
Wells Fargo complementary strategies	476,123
Marketable equity securities	<u>7,317,393</u>
	<u>\$ 12,823,889</u>

The Foundation acts as an investment manager for affiliated agencies who choose to place their money with the Foundation. As such, the Foundation reports no income with respect to affiliated funds; interest, dividends, gains and losses are reported on each affiliates' financial statements.

The Organization follows the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

FASB ASC Topic 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the financial instruments carried at fair value as of June 30, 2016 by the FASB ASC Topic 820 valuation hierarchy defined above:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Investments in certificates of deposits	\$ -	\$ 929,696	\$ -	\$ 929,696
Securities, bonds and money market funds	11,417,070	-	-	11,417,070
Complementary strategies	476,123	-	-	476,123
Funds held in trust by others	427,288	-	629,046	1,056,334
Split interest agreements	-	-	42,626	42,626
State of Israel Bonds	-	1,000	-	1,000
	<u>\$ 12,320,481</u>	<u>\$ 930,696</u>	<u>\$ 671,672</u>	<u>\$ 13,922,849</u>

Following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value:

Fair value for Level 1 is based upon quoted market prices.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 primarily consists of funds invested in the United Way of South Hampton Roads Endowment Fund managed by the Hampton Roads Community Foundation, the Endowment TEI Fund LP (SF) managed by Wells Fargo as well as the fair value of split interest agreements. These pooled funds consist of equities and other securities that have active markets as well as alternative investments that do not have readily determinable fair values, real assets and private equity investments. Collectively, however, UWSHR's investment in the Community Foundation cannot be traded on active markets. The fair values of the alternative investments that do not have readily determinable fair values are determined by the investment managers and are based on audited financial statements provided to the investment managers or are based on historical cost, appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. Changes in Level 3 instruments during the year are shown on the following page.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 4. FAIR VALUE MEASUREMENTS (Concluded)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table summarizes the changes to Level 3 instruments for the year ending June 30, 2016:

	Investment Components		
	Funds in the Hampton Roads Community Foundation	Split Interest Agreements	Total
Fair value, beginning of the year	\$ 657,822	\$ 57,493	\$ 715,315
Distributions	-	(15,000)	(15,000)
Net sales	-	-	-
Net expenses	(4,364)	-	(4,364)
Change in value	-	133	133
Net realized and unrealized gains and losses included on the Consolidated Statement of Activities	(24,412)	-	(24,412)
Fair value, end of the year	\$ 629,046	\$ 42,626	\$ 671,672

NOTE 5. PROPERTY AND EQUIPMENT – NET

Property and equipment at June 30, 2016 is summarized as follows:

Land	\$ 186,000
Buildings	1,223,844
Office furniture and equipment	242,417
Data processing equipment	220,183
Building improvements	275,810
Computer software	433,791
Transportation equipment	58,315
	2,640,360
Less - accumulated depreciation and amortization	1,758,153
	\$ 882,207

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 6. CAPITAL LEASES

The Organization is the lessee of certain equipment under two capital leases. Amortization is included in depreciation and amortization expense. The cost of equipment and related accumulated amortization recorded under capital leases at June 30, 2016, was \$34,126.

Minimum future lease payments as of June 30, 2016 are as follows:

2017	\$	9,026
2018		8,534
2019		3,118
2020		3,118
2021		<u>780</u>
Total future minimum lease payments		24,576
Less amount representing interest		<u>3,997</u>
Present value of net future minimum lease payments	\$	<u>20,579</u>

NOTE 7. BOARD DESIGNATED FUNDS

The funds designated by the governing Board as of June 30, 2016 consists of the following:

Unrestricted fund:

Equipment and facilities fund	\$	<u>113,718</u>
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NOTE 8. RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. The plan allows employees to contribute compensation up to the IRS maximum allowed amount (\$18,000 for 2016 plus an additional \$6,000 for individuals over 50 years of age) on a pre-tax basis. Contributions in excess of the maximum are allowed by the plan on an after-tax basis. The Organization currently makes a matching contribution of 50% of each employee's contribution up to an 8% employee contribution. The Organization also contributes 7% of compensation (9% of compensation if eligible, age 40 and completed 10 years of service on August 1, 1993) for employees after completing a year of service. Total 2016 employer contributions expense was \$168,864.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

NOTE 9. OPERATING LEASE

The United Way of South Hampton Roads leases office equipment pursuant to an operating lease. Total rent expense for this equipment in 2016 was \$1,752.

Future obligations for future minimum payments under this lease is as follows:

2017	\$	1,752
2018		1,752
2019		1,752
2020		<u>584</u>
	\$	<u>5,840</u>

NOTE 10. CONCENTRATIONS

At June 30, 2016, and at various times during those years, UWSHR had cash and cash equivalents at a financial institution in excess of insured limits.

In addition, the UWSHR also had balances greater than \$500,000 with local offices of national brokers, in money market and investment funds, including various debt and equity instruments of public corporations, the United States government, and the State of Israel, which is in excess of the limit insured by Securities Investor Protection Corporation (SIPC) as of June 30, 2016.

Credit risks with respect to pledges receivable is subject to the inherent nature of such receivables, but is limited due to the large number of donors comprising the Organization's donor base. The donors are concentrated to the Hampton Roads geographic area.

NOTE 11. FUNDS HELD IN TRUST BY OTHERS – NET

Funds held in trust by others consist of various irrevocable trusts and an endowment fund held by a local community foundation. UWSHR and the Foundation have been named beneficiaries of these funds.

The irrevocable trusts' provide that the greater of the trusts' annual income or 5% of the total fair market value of the assets of the trust (based on a three year market value average) be paid to the Organization annually. The Organization is a shared beneficiary of the trusts. SunTrust Bank serves as the trustee and directs the investment of the trusts' assets. Trust assets in excess of the amounts distributable are permanently restricted.

(Continued)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 11. FUNDS HELD IN TRUST BY OTHERS – NET (Concluded)

Funds held in trust by others consist of various irrevocable trusts and an endowment fund held by a local community foundation. UWSHR and the Foundation have been named beneficiaries of these funds.

The irrevocable trusts' provide that the greater of the trusts' annual income or 5% of the total fair market value of the assets of the trust (based on a three year market value average) be paid to the Organization annually. The Organization is a shared beneficiary of the trusts. SunTrust Bank serves as the trustee and directs the investment of the trusts' assets. Trust assets in excess of the amounts distributable are permanently restricted.

The Organization is also designated as the sole beneficiary of a permanent endowment fund held by a local community foundation as a component trust. Pursuant to the agreement related to this fund, the Organization receives an annual distribution of 5% of the value of the assets in the endowment fund. The local community foundation directs the investment of the endowment fund's assets. Assets in this endowment fund in excess of the amounts distributable are permanently restricted.

Spending policies related to the above funds are determined by the related agreements as described above. Investment policies related to these funds are determined by the trustee of the trusts and by the local community foundation for the endowment fund it holds. Funds held in trust by others are reported at fair market value in the accompanying consolidated statements of financial position. Realized and unrealized gains and losses and other earnings are reported as permanently restricted in the accompanying consolidated statements of activities to the extent they exceed the annual amounts distributable as described above. Amounts received as annual income distributions from these funds are unrestricted and reported in net realized and unrealized gains in the accompanying consolidated statements of activities.

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

NOTE 12. SPLIT INTEREST AGREEMENTS

Charitable Lead Trust

The UWSHR is named as a beneficiary of a charitable lead trust. Under the terms of the trust agreement, the UWSHR receives current annual benefits over the term of the trust with the remaining trust assets being distributed to a third party upon termination of the trust. The UWSHR is not the trustee of the trust, and thus, the assets of the trust are classified as temporarily restricted and carried at fair market value in the consolidated statements of financial position based on the present value of amounts expected to be received over the term of the agreement. The lead trust asset is valued using a discount rate of 1.63% at June 30, 2016, and has a remaining term of four years. Changes in the value of this gift are included in the consolidated statements of activities.

NOTE 13. NET ASSETS

Temporarily restricted net assets represent amounts restricted by donors for future periods.

Permanently restricted net assets consist of funds held in trust by others as described in Note 11. Changes in endowment net assets for the year ended June 30, 2016 is as follows:

For the year ended June 30, 2016:

Endowment net assets, beginning of year	\$ 1,137,989
Realized and unrealized gains (losses)	(37,328)
Additions	-
Distributions	(24,784)
Expenses, valuation allowance	<u>(19,543)</u>
Endowment net assets, end of year	<u>\$ 1,056,334</u>

NOTE 14. SUBSEQUENT EVENTS

The Organization has evaluated all events subsequent to June 30, 2016 through October 18, 2016, which is the date these consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2016

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>CPP, LLC</u>	<u>UWSHR Foundation</u>	<u>Total All Funds</u>
Assets					
Cash and cash equivalents	\$ 3,584,452	\$ -	\$ 12,064	\$ -	\$ 3,596,516
Investments	9,832,121	-	-	2,991,768	12,823,889
Funds held in trust by others - net	-	1,056,334	-	-	1,056,334
Split interest agreements	42,626	-	-	-	42,626
Pledges receivable - net	5,690,845	-	-	-	5,690,845
Prepaid campaign expenses	40,169	-	-	-	40,169
Other receivables	5,880	-	13,238	-	19,118
Prepaid expenses	68,147	-	2,814	-	70,961
Property and equipment - net	882,207	-	-	-	882,207
Cash surrender value of life insurance	-	-	-	106,046	106,046
Due from (to) other funds	<u>222,411</u>	<u>-</u>	<u>(18,990)</u>	<u>(203,421)</u>	<u>-</u>
Total assets	<u>\$ 20,368,858</u>	<u>\$ 1,056,334</u>	<u>\$ 9,126</u>	<u>\$ 2,894,393</u>	<u>\$ 24,328,711</u>

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2016

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>CPP, LLC</u>	<u>UWSHR Foundation</u>	<u>Total All Funds</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 208,726	\$ -	\$ 361	\$ -	\$ 209,087
Allocations payable	2,640,625	-	-	-	2,640,625
Capital lease obligation	20,579	-	-	-	20,579
Deferred revenue	3,653	-	-	-	3,653
Due to other UW's, federated agencies and other organizations	<u>3,721,335</u>	<u>-</u>	<u>-</u>	<u>2,212,489</u>	<u>5,933,824</u>
Total liabilities	<u>6,594,918</u>	<u>-</u>	<u>361</u>	<u>2,212,489</u>	<u>8,807,768</u>
Net Assets					
Unrestricted:					
Designated by board	113,718	-	-	-	113,718
Undesignated	10,711,560	-	8,765	681,904	11,402,229
Temporarily Restricted	2,948,662	-	-	-	2,948,662
Permanently Restricted	<u>-</u>	<u>1,056,334</u>	<u>-</u>	<u>-</u>	<u>1,056,334</u>
Total net assets	<u>13,773,940</u>	<u>1,056,334</u>	<u>8,765</u>	<u>681,904</u>	<u>15,520,943</u>
Total liabilities and net assets	<u>\$ 20,368,858</u>	<u>\$ 1,056,334</u>	<u>\$ 9,126</u>	<u>\$ 2,894,393</u>	<u>\$ 24,328,711</u>

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2016

	Unrestricted Operating Fund	Temporarily Restricted Operating Fund	Permanently Restricted Endowment Fund	Unrestricted CPP, LLC	Unrestricted UWSHR Foundation	Total All Funds
Public support and revenues						
Public Support:						
Contributions:						
United Way of SHR annual campaign	\$ 8,435,470	\$ 5,739,324	\$ -	\$ -	\$ -	\$ 14,174,794
Combined Federal Campaign of South Hampton Roads	9,854	2,970,763	-	-	-	2,980,617
South Hampton Roads Commonwealth of Virginia Campaign	8,209	66,777	-	-	-	74,986
United Way and Combined Charities Campaign	293,245	978,311	-	-	-	1,271,556
Other	910,871	-	-	-	-	910,871
	9,657,649	9,755,175	-	-	-	19,412,824
Less: Amounts designated by donors for specific organizations	(1,415,377)	(6,881,563)	-	-	-	(8,296,940)
Total public support	8,242,272	2,873,612	-	-	-	11,115,884
Revenues:						
Program administration fees	668,183	-	-	-	-	668,183
Interest income	10,633	-	-	-	10,398	21,031
Net realized and unrealized gains	(76,214)	-	(81,655)	-	(13,820)	(171,689)
Gains on cash surrender value on life insurance policies	-	-	-	-	7,741	7,741
Change in value of split interest agreements	-	133	-	-	-	133
Contract fees	-	-	-	107,269	-	107,269
Other	43,981	-	-	-	-	43,981
100 Women Campaign	1,983,940	-	-	-	-	1,983,940
Administrative fees retained on amounts designated by donors for specific organizations	178,476	110,793	-	-	-	289,269
Net assets released from restrictions	3,252,215	(3,252,215)	-	-	-	-
Total revenues	6,061,214	(3,141,289)	(81,655)	107,269	4,319	2,949,858
Total public support and revenues	14,303,486	(267,677)	(81,655)	107,269	4,319	14,065,742

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES
Consolidated Statement of Activities
Year Ended June 30, 2016

(Concluded)

	Unrestricted Operating Fund	Temporarily Restricted Operating Fund	Permanently Restricted Endowment Fund	Unrestricted CPP, LLC	Unrestricted UWSHR Foundation	Total All Funds
Allocations and expenses						
Allocations:						
Certified agency allocations	\$ 5,142,297	\$ -	\$ -	\$ -	\$ 28,493	\$ 5,170,790
Designation payments to agencies	10,142,155	-	-	-	-	10,142,155
Less - allocations funded through donor designations	<u>(7,999,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,999,671)</u>
Total allocations	<u>7,284,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,493</u>	<u>7,313,274</u>
Expenses:						
Payments to state and national organizations	152,581	-	-	-	-	152,581
Interest	2,569	-	-	-	-	2,569
Functional expenses:						
Fundraising	1,867,402	-	-	-	-	1,867,402
Program services	1,724,335	-	-	118,301	-	1,842,636
Supporting services	<u>763,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,343</u>	<u>836,816</u>
Total expenses	<u>4,510,360</u>	<u>-</u>	<u>-</u>	<u>118,301</u>	<u>73,343</u>	<u>4,702,004</u>
Total allocations and expenses	<u>11,795,141</u>	<u>-</u>	<u>-</u>	<u>118,301</u>	<u>101,836</u>	<u>12,015,278</u>
Change in net assets	<u>2,508,345</u>	<u>(267,677)</u>	<u>(81,655)</u>	<u>(11,032)</u>	<u>(97,517)</u>	<u>2,050,464</u>
Net assets - beginning of year	<u>8,316,933</u>	<u>3,216,339</u>	<u>1,137,989</u>	<u>19,797</u>	<u>779,421</u>	<u>13,470,479</u>
Net assets - end of the year	<u>\$ 10,825,278</u>	<u>\$ 2,948,662</u>	<u>\$ 1,056,334</u>	<u>\$ 8,765</u>	<u>\$ 681,904</u>	<u>\$ 15,520,943</u>

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Cash Flows

Year Ended June 30, 2016

	Operating Fund	Endowment Fund	CPP LLC	UWSHR Foundation	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 2,240,668	\$ (81,655)	\$ (11,032)	\$ (97,517)	\$ 2,050,464
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	115,338	-	-	-	115,338
Provision for uncollectible pledges	(29,730)	-	-	-	(29,730)
Gain on disposal of property and equipment	(716)	-	-	-	(716)
Realized and unrealized gains	76,214	81,655	-	13,820	171,689
Changes in assets and liabilities:					
Pledges receivable	(242,203)	-	-	-	(242,203)
Advanced allocations - United Way agencies	-	-	-	-	-
Prepaid campaign expenses	(9,143)	-	-	-	(9,143)
Other receivables	22,683	-	9,953	-	32,636
Prepaid expenses	29,169	-	(1,316)	-	27,853
Accounts payable and accrued expenses	17,073	-	-	-	17,073
Allocations payable	(301,122)	-	-	-	(301,122)
Deferred revenue	(2,369)	-	-	-	(2,369)
Due to other United Ways, federated agencies and other organizations	485,159	-	-	(285,599)	199,560
Due from (to) other funds	(72,960)	-	(382)	73,342	-
Net cash provided by (used in) operating activities	2,328,061	-	(2,777)	(295,954)	2,029,330
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for the purchase of property and equipment	(13,707)	-	-	-	(13,707)
Increase in cash surrender value of life insurance	-	-	-	(7,740)	(7,740)
Net change in investments	(1,981,453)	-	-	303,694	(1,677,759)
Net cash provided by (used in) investing activities	(1,995,160)	-	-	295,954	(1,699,206)

UNITED WAY OF SOUTH HAMPTON ROADS AND AFFILIATES

Consolidated Statement of Cash Flows

Year Ended June 30, 2016

(Concluded)

	Operating Fund	Endowment Fund	CPP LLC	UWSHR Foundation	Total All Funds
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal payments on capital lease	\$ (10,692)	\$ -	\$ -	\$ -	\$ (10,692)
Net cash used in financing activities	<u>(10,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,692)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	322,209	-	(2,777)	-	319,432
CASH AND CASH EQUIVALENTS, BEGINNING					
	<u>3,262,243</u>	<u>-</u>	<u>14,841</u>	<u>-</u>	<u>3,277,084</u>
CASH AND CASH EQUIVALENTS, ENDING					
	<u>\$ 3,584,452</u>	<u>\$ -</u>	<u>\$ 12,064</u>	<u>\$ -</u>	<u>\$ 3,596,516</u>
SUPPLEMENTAL CASH FLOW INFORMATION					
Cash paid for interest	<u>\$ 2,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,569</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES					
Purchase of property and equipment financed with capital lease	<u>\$ 11,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,869</u>