

UNITED WAY OF SAN JOAQUIN COUNTY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2015 AND 2014



CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

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CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
United Way of San Joaquin County
Stockton, California

We have audited the accompanying financial statements of **United Way of San Joaquin County** (a California Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations payable on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
February 16, 2016

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Financial Position

June 30,

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,047,033	\$ 945,779
Certificate of deposit	100,000	100,000
Accounts receivable	13,432	10,308
Pledges receivable, net of allowance for uncollectible pledges	699,863	761,055
Prepaid expenses	<u>10,693</u>	<u>2,581</u>
Total current assets	<u>1,871,021</u>	<u>1,819,723</u>
Property and equipment, at cost		
Less accumulated depreciation	<u>(171,070)</u>	<u>(178,527)</u>
Total assets	<u>\$ 2,043,490</u>	<u>\$ 1,991,936</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 25,514	\$ 26,289
Accounts payable - related party	10,897	11,977
Deferred income	46,144	7,992
Accrued liabilities	35,046	20,711
Allocations payable	251,000	255,000
Designations payable	<u>832,479</u>	<u>945,492</u>
Total current liabilities	<u>1,201,080</u>	<u>1,267,461</u>
Net assets		
Unrestricted	<u>842,410</u>	<u>724,475</u>
Total net assets	<u>842,410</u>	<u>724,475</u>
Total liabilities and net assets	<u>\$ 2,043,490</u>	<u>\$ 1,991,936</u>

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

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Activities

Years ended June 30,

	<u>2015</u>	<u>2014</u>
Support and Revenues		
Public support		
Campaign results		
Employee	\$ 1,441,571	\$ 1,567,556
Corporate	306,481	352,685
Alexis de Tocqueville Society	232,800	287,750
Corporate care	<u>26,966</u>	<u>54,554</u>
Gross contributions	2,007,818	2,262,545
Donor designations	(913,100)	(1,124,139)
Provisions for uncollectible pledges	<u>(88,130)</u>	<u>(98,520)</u>
Total contributions	1,006,588	1,039,886
Other support		
Special events - net of expenses of \$70,143 and \$69,361	<u>76,703</u>	<u>59,802</u>
Total public support	<u>1,083,291</u>	<u>1,099,688</u>
Other revenue		
Service fees	50,689	50,460
Administrative fees	36,022	34,644
Interest income	926	1,129
Loss on sale of investment	(80)	-
Grant income	-	10,000
Other miscellaneous revenue	<u>-</u>	<u>125</u>
Total other revenue	<u>87,557</u>	<u>96,358</u>
Total support and revenue	<u>\$ 1,170,848</u>	<u>\$ 1,196,046</u>

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Activities (Continued)

Years ended June 30,

	<u>2015</u>	<u>2014</u>
Expenses		
Program services		
Allocations and designations		
Allocations and designations	\$ 1,254,893	\$ 1,480,214
Less donor designations	<u>(913,100)</u>	<u>(1,124,139)</u>
Net allocations and designations	<u>341,793</u>	<u>356,075</u>
Resource distributions	<u>119,619</u>	<u>131,204</u>
Total program services	<u>461,412</u>	<u>487,279</u>
Supporting services		
Resource development	422,337	429,234
Operating	147,370	151,089
United Way Worldwide dues	<u>21,794</u>	<u>23,954</u>
Total support services	<u>591,501</u>	<u>604,277</u>
Total expenses	<u>1,052,913</u>	<u>1,091,556</u>
Change in net assets	117,935	104,490
Net assets, beginning of year	<u>724,475</u>	<u>619,985</u>
Net assets, end of year	<u>\$ 842,410</u>	<u>\$ 724,475</u>

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

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Functional Expenses

Year ended June 30, 2015

	Program services			Supporting services			Total
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	
Salaries	\$ -	\$ 51,760	\$ 51,760	\$ 176,592	\$ 76,118	\$ -	\$ 252,710
Loan exec salaries	-	2,451	2,451	14,705	7,353	-	22,058
Employee benefits	-	11,838	11,838	40,390	17,410	-	57,800
Payroll taxes	-	3,789	3,789	12,925	5,572	-	18,497
Other employee expenses	-	1,055	1,055	3,599	1,552	-	5,151
Total salaries and related expenses	-	70,893	70,893	248,211	108,005	-	356,216
Advertising	-	-	-	8,833	-	-	8,833
Allocation and designation	341,793	-	341,793	-	-	-	-
Community events	-	-	-	18,095	-	-	18,095
Consulting	-	24,000	24,000	10,200	3,000	-	13,200
Equipment rental and maintenance	-	3,282	3,282	11,195	4,826	-	16,021
Insurance	-	1,603	1,603	5,467	2,357	-	7,824
Membership dues	-	-	-	3,809	-	-	3,809
Miscellaneous	-	294	294	1,005	433	-	1,438
Occupancy	-	4,558	4,558	15,550	6,703	-	22,253
Periodicals	-	46	46	158	68	-	226
Postage and shipping	-	448	448	1,530	660	-	2,190
Professional service	-	10,106	10,106	34,480	14,862	-	49,342
Sponsorship fees	-	-	-	27,601	-	-	27,601
Supplies	-	863	863	24,171	1,269	-	25,440
Telephone	-	920	920	3,139	1,353	-	4,492
Travel expense	-	891	891	3,041	1,311	-	4,352
United Way Worldwide dues	-	-	-	-	-	21,794	21,794
Total functional expenses before depreciation	341,793	117,904	459,697	416,485	144,847	21,794	583,126
Depreciation	-	1,715	1,715	5,852	2,523	-	8,375
Total functional expenses	\$ 341,793	\$ 119,619	\$ 461,412	\$ 422,337	\$ 147,370	\$ 21,794	\$ 591,501
							\$ 1,052,913

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

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Functional Expenses

Year ended June 30, 2014

	Program services			Supporting services			Total
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	
Salaries	\$ -	\$ 48,578	\$ 48,578	\$ 165,735	\$ 71,438	\$ -	\$ 237,173
Loan exec salaries	-	2,517	2,517	15,103	7,551	-	22,654
Employee benefits	-	15,076	15,076	51,436	22,171	-	73,607
Payroll taxes	-	3,865	3,865	13,187	5,684	-	18,871
Other employee expenses	-	1,053	1,053	3,593	1,549	-	5,142
Total salaries and related expenses	-	71,089	71,089	249,054	108,393	-	357,447
Advertising	-	-	-	8,073	-	-	8,073
Allocation and designation	356,075	-	356,075	-	-	-	-
Community events	-	-	-	13,923	-	-	13,923
Consulting	-	23,040	23,040	14,980	2,880	-	17,860
Equipment rental and maintenance	-	3,562	3,562	12,152	5,238	-	17,390
Grant expense	-	10,000	10,000	-	-	-	-
Insurance	-	1,404	1,404	4,788	2,064	-	6,852
Membership dues	-	-	-	2,716	-	-	2,716
Miscellaneous	-	551	551	1,880	811	-	2,691
Occupancy	-	5,505	5,505	18,780	8,095	-	26,875
Periodicals	-	46	46	158	68	-	226
Postage and shipping	-	689	689	2,350	1,013	-	3,363
Professional service	-	10,503	10,503	35,835	15,446	-	51,281
Sponsorship fees	-	-	-	19,983	-	-	19,983
Supplies	-	1,274	1,274	32,483	1,873	-	34,356
Telephone	-	1,103	1,103	3,762	1,622	-	5,384
Travel expense	-	729	729	2,486	1,072	-	3,558
United Way Worldwide dues	-	-	-	-	-	23,954	23,954
Total functional expenses before depreciation	356,075	129,495	485,570	423,403	148,575	23,954	595,932
Depreciation	-	1,709	1,709	5,831	2,514	-	8,345
Total functional expenses	\$ 356,075	\$ 131,204	\$ 487,279	\$ 429,234	\$ 151,089	\$ 23,954	\$ 604,277
							\$ 1,091,556

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

UNITED WAY OF SAN JOAQUIN COUNTY

Statements of Cash Flows

Years ended June 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 117,935	\$ 104,490
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,090	10,054
(Increase) decrease in operating assets:		
Accounts receivable	(3,124)	5,439
Pledges receivable, net	61,192	34,743
Prepaid expenses	(8,112)	10,058
Increase (decrease) in operating liabilities:		
Accounts payable	(1,855)	7,850
Deferred income	38,152	3,479
Accrued liabilities	14,335	(21,597)
Allocations payable	(4,000)	(51,500)
Designations payable	<u>(113,013)</u>	<u>(142,808)</u>
Net cash provided by (used in) operating activities	<u>111,600</u>	<u>(39,792)</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(10,346)</u>	<u>(19,276)</u>
Net cash used in investing activities	<u>(10,346)</u>	<u>(19,276)</u>
Net increase (decrease) in cash and cash equivalents	101,254	(59,068)
Cash and cash equivalents, beginning of year	<u>945,779</u>	<u>1,004,847</u>
Cash and cash equivalents, end of year	<u>\$ 1,047,033</u>	<u>\$ 945,779</u>

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

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of United Way of San Joaquin County is presented to assist in understanding the Organization's financial statements.

Operations

The United Way of San Joaquin County (the Organization), is a California non-profit corporation, founded in 1926 and governed by a volunteer Board of Directors. The Organization's main purpose includes assessing on a continual basis, the community's need for human services, developing financial resources to meet human service needs of the community, maximizing resources available to agencies for services aimed at the most urgent current needs of the community, developing community support for the entire Organization through a systematic communications program which both speaks and listens to the community, managing the Organization's operations effectively, and offering assistance to agencies wishing to improve their management skills, and financially managing and disbursing resources in accordance with the directions and intent of donors, or, in the absence of directions, as the Organization may deem best for the promotion of any or all of the foregoing purposes.

Organizational mission statement

The mission of United Way of San Joaquin County is to improve the lives of people by mobilizing the caring power of communities.

United Way of San Joaquin County envisions a community where the generosity of individuals and business is coupled with the services provided by community organizations to improve people's lives.

Basis of accounting

The financial statements of United Way of San Joaquin County have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Organization prepares its financial statements in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Organizations* (Audit Guide). Under the Audit Guide, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note A - Summary of Significant Accounting Policies (Continued)

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and are related to the operation and management of the Organization's primary programs and supporting services.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/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 net assets released from restrictions. As of June 30, 2015 and 2014, the Organization did not have any assets that are subject to donor-restrictions that require the assets to be temporarily restricted.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2015 and 2014, the Organization did not have any assets that are subject to donor-restrictions that require the assets to be maintained permanently.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Campaign pledges

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2015 and 2014 are from corporations and individuals.

Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by United Way of San Joaquin County but are reported as part of campaign revenue from which the amounts are then deducted to arrive at total contributions.

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note A - Summary of Significant Accounting Policies (Continued)

Property and equipment

Purchases of property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years.

Repairs and maintenance items are expensed during the current year unless they significantly increase the life of the asset.

Fair value of financial instruments

The carrying amounts of financial instruments, including cash, certificate of deposits, accounts receivable and accounts payable approximate their fair value due to the short-term maturities of these instruments.

Contributions

As required by the *Accounting for Contributions Received and Contributions Made* topic of the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence or nature of any donor restrictions.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated between program and supporting services classifications on the basis of cost allocations using actual time worked in each program and on estimates made by the Organization's management.

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note A - Summary of Significant Accounting Policies (Continued)

Donated goods and services

Donated materials and equipment are reflected as contributions in the financial statements at their estimated fair value at date of receipt. The Organization will recognize the fair value of donated services if the services meet the recognition criteria which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Concentrations of credit risk

During the years ended June 30, 2015 and 2014, the Organization maintained cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts in certain financial institutions. Cash deposits in excess of the FDIC insured amounts in separate named accounts within one institution may represent a credit risk. As of June 30, 2015 and 2014, total deposits in excess of the FDIC limits were \$438,457 and \$358,132, respectively.

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

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Tax-exempt status

The Organization is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code in accordance with its determination letter dated October 13, 1971. Accordingly, the Organization has been determined to be exempt from federal income and state franchise taxes.

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note A - Summary of Significant Accounting Policies (Continued)

Accounting for uncertainty in income taxes

The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2015 and 2014, management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is 2011 and forward. The State of California tax jurisdiction is subject to potential examination for 2010 and forward.

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.

Subsequent events

Management has evaluated subsequent events through February 16, 2016, the date on which the financial statements were available to be issued.

Note B - Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Pledges receivable - The fair value of pledges receivable is estimated by discounting the future cash flows by the amount of the provision for uncollectible pledges.

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note B - Fair Value of Financial Instruments (Continued)

The estimated fair value of the Organization's financial instruments is as follows at June 30:

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$1,047,033	\$ 1,047,033	\$ 945,779	\$ 945,779
Certificate of deposit	100,000	100,000	100,000	100,000
Pledges receivable	699,863	699,863	761,055	761,055

Note C - Pledges Receivable and Allowance for Uncollectible Pledges

Pledges receivable consist of unconditional promises to give by donors and are recorded at net realizable value. Pledges receivable are net of provisions for uncollectible pledges. The provision for uncollectible pledges is computed based on a percentage of the total campaign year pledges. For the years ended June 30, 2015 and 2014, all pledges receivable were due within one year.

The pledges per campaign year are shown in the following table at June 30:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 787,993	\$ 859,575
Allowance for uncollectible pledges	<u>(88,130)</u>	<u>(98,520)</u>
Net pledges receivable	<u>\$ 699,863</u>	<u>\$ 761,055</u>

Note D - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 27,500	\$ 27,500
Building	206,418	198,432
Furniture and equipment	<u>109,621</u>	<u>124,808</u>
	343,539	350,740
Less accumulated depreciation	<u>(171,070)</u>	<u>(178,527)</u>
Total	<u>\$ 172,469</u>	<u>\$ 172,213</u>

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note E - Designations Payable

Designations payable are pledges which are pledged to specific agencies. The income and expense related to the designations are not recognized by the Organization. For the year ended June 30, 2015 and 2014, all designations payable were due within one year.

Note F - Allocations Payable

Annual campaigns are conducted to raise support for allocation to participating agencies. Based upon the results of the annual fund-raising campaign, allocation committees make recommendations to the Board of Directors as to the amount of allocations each agency should receive from undesignated pledges. Allocations approved by the Board to agencies for the year ended June 30, 2015 and 2014 were \$251,000 and \$255,000, respectively.

Allocations payable are promises to give to local nonprofit agencies, which will be given to the agency upon compliance with certain provisions in the applications. The allocations are recognized as an expense in the period the allocations are made. For the years ended June 30, 2015 and 2014, all allocations payable were due within one year.

Note G - Retirement Plan

The Organization terminated the 403(b) thrift pension plan and implemented a Simple IRA Plan on June 19, 2015. Effective June 1, 2015, the Organization will make an employer-based matching contribution equal to the eligible participant's salary reduction not to exceed 3% of the participant's salary. The Organization's contribution for the year ended June 30, 2015 and 2014 was \$16,569 and \$15,993, respectively.

Note H - Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2015 and 2014 were \$8,833 and \$8,073, respectively.

Note I - Emergency Food and Shelter Program

The Organization cooperates with the United Way Worldwide and Emergency Food and Shelter Program (EFSP), by the allocation of certain funds provided by EFSP for food and shelter for the homeless. The Organization receives a fee for their advisory role in administering this program. For the years ended June 30, 2015 and 2014, the Organization received \$8,000 and \$9,863, respectively.

UNITED WAY OF SAN JOAQUIN COUNTY

Notes to Financial Statements

June 30, 2015 and 2014

Note J - Operating Leases

The Organization leases a copy machine under a five-year operating lease expiring in 2019. The following is a schedule of future minimum rental payments required under the above noncancelable operating lease:

<u>Year ending June 30,</u>	
2016	\$ 9,457
2017	9,457
2018	9,457
2019	<u>2,364</u>
	<u>\$ 30,735</u>

Rental expense for the years ended June 30, 2015 and 2014 was \$10,736 and \$9,661, respectively.

Note K - Related Party Transactions

Annually, the United Way of San Joaquin County renews membership with an affiliate. As part of the membership renewal, a membership investment must be made. The amount is calculated as a percentage of the prior year's campaign revenue. During the years ended June 30, 2015 and 2014, the Organization incurred and paid a membership investment of \$21,794 and \$23,954, respectively.

UNITED WAY OF SAN JOAQUIN COUNTY

Schedule of Allocations Payable

For the years ended June 30,

<u>Agency</u>	<u>Program</u>	<u>Amount Allocated</u>	
		<u>2015</u>	<u>2014</u>
Agape Villages Foster Family Agency	Enrichment Program for Foster Kids	\$ 10,000	\$ 10,000
American Red Cross SJC	Emergency Services	-	10,000
Apsara	After School Program	-	10,000
Assistance League of Stockton	Operation School Bell	10,000	10,000
Boys & Girls Club of Tracy	Early Literacy Intervention	10,000	10,000
Bread of Life	Mobile Food Distribution Program	5,000	-
Child Abuse Prevention Council	First Step Children's Center	10,000	10,000
Community Center for the Blind	Rehabilitation Services	10,000	10,000
Haven of Peace	Resident Case Management	5,000	5,000
Hospice of San Joaquin	Hospice House	10,000	10,000
Junior League of San Joaquin County	Academic Success Through Technology	10,000	10,000
Lodi House	Hope for the Family	5,000	5,000
Loel Senior Center	Congregate Lunch Program	10,000	10,000
Mary Graham Children's Shelter Foundation	Trade School and College Scholarship	10,000	10,000
McHenry House Tracy Family Shelter	Family Crisis Intervention Program	5,000	-
One. TLC School for Homeless Children	Music Therapy Program	5,000	5,000
One-Eighty Teen Center	Mentoring Program	10,000	10,000
People and Congregations Together	Lifelines to Healing	-	5,000
Pregnancy Resource Center of Lodi	Medical Clinic Program	10,000	-
Second Harvest Food Bank	Food 4 Thought	10,000	10,000
Service First No. California	Education	5,000	-
St. Mary's Dining Room	Pediatric Dental Care	-	5,000
St. Paul's United Methodist Church	Food Pantry	5,000	5,000
Stockton Police Chaplaincy	School Resource Chaplaincy	-	10,000
Stockton Police Foundation	Shotspotter	-	10,000
Stockton Shelter for the Homeless	Emergency Shelter	10,000	10,000
Sus Finanzas, Inc.	Financial Literacy & Education	5,000	-

(Continued)

UNITED WAY OF SAN JOAQUIN COUNTY

Schedule of Allocations Payable (Continued)

For the years ended June 30,

<u>Agency</u>	<u>Program</u>	<u>Amount Allocated</u>	
		<u>2015</u>	<u>2014</u>
Tracy Chamber Foundation	Hire Me First Internship Program	10,000	-
Tracy Interfaith Ministries	Food and Clothes Closet	10,000	10,000
Tracy Volunteer Caregivers	Client Transportation Services	5,000	-
UOP - School of Pharmacy & Health Services	Medicare Part D Community Outreach Program	-	5,000
UOP - Thomas J. Long School of Pharmacy	Mobile Medicare Clinics	10,000	-
Women's Center of San Joaquin County	DAWN House Shelter Program	10,000	10,000
Lodi Community Council	Various	9,000	10,000
Stockton Community Council	Various	9,000	10,000
Manteca Community Council	Various	9,000	10,000
Tracy Community Council	Various	9,000	10,000
	Total allocations payable	<u>\$ 251,000</u>	<u>\$ 255,000</u>