

BERKSHIRE UNITED WAY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2015 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2014

**BERKSHIRE UNITED WAY, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Berkshire United Way, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Berkshire United Way, Inc. (a nonprofit "Organization") which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses 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 financial statements referred to above present fairly, in all material respects, the financial position of Berkshire 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated January 29, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meyer Brothers Kalicka, P.C.

Holyoke, Massachusetts
October 22, 2015

BERKSHIRE UNITED WAY, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

ASSETS

	2015	2014
Assets		
Cash	\$ 249,184	\$ 237,556
Contributions receivable, net	951,196	834,219
Grants receivable	140,503	168,107
Other receivables	25,017	31,936
Prepaid expenses	21,199	17,921
Investments, at market value	2,384,496	2,440,773
Property and equipment, net	333,711	377,855
Total assets	\$ 4,105,306	\$ 4,108,367

LIABILITIES AND NET ASSETS

Liabilities		
Community grants payable	\$ 1,507,107	\$ 1,366,887
Due to designated agencies	151,194	217,501
Accounts payable	17,516	26,885
Accrued expenses	37,455	55,648
Long-term debt	56,589	73,358
Total liabilities	1,769,861	1,740,279
Net assets		
Unrestricted		
Unrestricted	559,388	710,015
Board designated reserve	797,000	594,373
Building and equipment	333,711	377,855
Total unrestricted	1,690,099	1,682,243
Temporarily restricted	159,058	199,557
Permanently restricted	486,288	486,288
Total net assets	2,335,445	2,368,088
Total liabilities and net assets	\$ 4,105,306	\$ 4,108,367

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

BERKSHIRE UNITED WAY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR 2014

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues, gains and other support					
Campaign contributions					
Total campaign amounts raised	\$ 2,492,665	\$ 8,314		\$ 2,492,665	\$ 2,483,442
Less: amounts raised on behalf of others	(198,797)			(198,797)	(281,616)
Less: provision for uncollectible pledges	(71,319)			(71,319)	(83,951)
Net current year contributions	<u>2,222,549</u>			<u>2,222,549</u>	<u>2,117,875</u>
Investment income, net	21,638			29,952	24,244
Administrative fees charged on designations	15,558			15,558	21,487
Grant income	319,409			319,409	379,399
Special events, net	20,998			20,998	12,746
In-kind support	23,678			23,678	35,647
Gifts and bequests	-			-	92,000
Rental income	84,930			84,930	84,408
Realized and unrealized gain on investments	34,932	9,961		44,893	286,026
Released from restrictions	35,000	(35,000)		-	-
Investment return released for operations	23,774	(23,774)		-	-
Total revenues, gains and other support	<u>2,802,466</u>	<u>(40,499)</u>		<u>2,761,967</u>	<u>3,053,832</u>
Community impact and other expenses					
Community investment	2,081,223			2,081,223	2,154,545
Resource development	367,065			367,065	319,827
Management and general	346,322			346,322	306,928
Total community impact and other expenses	<u>2,794,610</u>			<u>2,794,610</u>	<u>2,781,300</u>
Change in net assets	7,856	(40,499)	-	(32,643)	272,532
Net assets, beginning of year	<u>1,682,243</u>	<u>199,557</u>	\$ <u>486,288</u>	<u>2,368,088</u>	<u>2,095,556</u>
Net assets, end of year	\$ <u>1,690,099</u>	\$ <u>159,058</u>	\$ <u>486,288</u>	\$ <u>2,335,445</u>	\$ <u>2,368,088</u>

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

BERKSHIRE UNITED WAY, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (32,643)	\$ 272,532
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	44,144	46,038
Net realized and unrealized losses on investments	(44,893)	(286,026)
Provision for uncollectible pledges	71,319	83,951
Change in operating assets and liabilities:		
Contributions receivable	(188,296)	(57,213)
Grants receivable	27,604	(88,555)
Other receivables	6,919	(26,149)
Prepaid expenses	(3,278)	8,797
Community grants payable	140,220	(13,862)
Due to designated agencies	(66,307)	37,390
Accounts payable	(9,369)	(17,214)
Accrued expenses	(18,193)	21,069
Net cash used in operating activities	(72,773)	(19,242)
Cash flows from investing activities		
Purchase of property and equipment	-	(57,974)
Purchase of investments	(1,360,117)	(1,134,990)
Proceeds from the sales of investments	1,461,287	1,306,173
Net cash provided by investing activities	101,170	113,209
Cash flows from financing activities		
Principal payments on long-term debt	(16,769)	(16,268)
Net cash used in financing activities	(16,769)	(16,268)
Net increase in cash	11,628	77,699
Cash, beginning of year	237,556	159,857
Cash, end of year	\$ 249,184	\$ 237,556
Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,174	\$ 4,244

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

BERKSHIRE UNITED WAY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR 2014**

	Community Investment	Resource Development	Management and General	Total
	2015	2015	2014	2014
Community impact grants to organizations	\$ 1,355,970			\$ 1,355,970
Salaries and related expenses				
Salaries	268,825	\$ 184,639	\$ 187,715	641,179
Employee benefits	54,549	19,010	14,200	87,759
Payroll taxes	25,413	11,877	16,754	54,044
Total salaries and related expenses	348,787	215,526	218,669	782,982
Support costs				
Contracted services	136,262	6,046	42,282	184,590
Supplies and small equipment	76,420	15,269	3,869	95,558
Telephone	1,814	960	1,027	3,801
Postage	1,340	5,145	207	6,692
Occupancy, other than depreciation	22,087	16,690	16,280	55,057
Equipment maintenance	4,439	4,270	3,265	11,974
Printing and publications	2,887	9,983	287	13,157
Advertising	30,100	3,014	-	33,114
Travel	7,213	1,696	955	9,864
Conferences, meetings	17,037	832	2,122	19,991
Conferences, training	20,670	15,926	7,131	43,727
Dues and subscriptions	449	671	-	1,120
National and state affiliation dues	10,635	7,635	7,714	25,984
General and liability insurance	1,500	1,000	3,050	5,550
Bank charges	1,402	4,950	1,080	7,432
Interest	800	600	774	2,174
Depreciation	16,312	13,361	14,471	44,144
Technology	25,099	43,047	21,338	89,484
Miscellaneous	-	444	1,801	2,245
Total support costs	376,466	151,539	127,653	655,658
Total community impact and other expenses	\$ 2,081,223	\$ 367,065	\$ 346,322	\$ 2,794,610
				\$ 2,781,300

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

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

1. ORGANIZATION:

Berkshire United Way, Inc. (the "Organization") is a nonprofit organization that improves the quality of life in Berkshire County by mobilizing resources to address community priorities and create sustainable change. The Organization raises funds on an annual basis, primarily through employee payroll deductions at the workplace and corporate contributions. The Organization awards the majority of funds raised through a competitive bid process in support of three priority community issues: early childhood literacy, positive youth development and financial stability, the building blocks for a good quality of life. In addition, funds directly support initiatives led by the Organization, including Pittsfield Promise and Chapter One-Our Towns, Our Kids, Our Future (both focused on early childhood literacy), Face the Facts: reduce teen pregnancy and Pittsfield Prevention Partnership (focused on reducing youth substance use). Applications are evaluated in both program and agency reviews conducted by community volunteers. In addition, funds are used to directly support community initiatives in early childhood and youth development. Donor designated funds are also processed for other charitable organizations as stipulated by individual donors. The Organization raises funds in and supports programs serving the 26 communities in central and southern Berkshire County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The statements of financial position presents assets and liabilities in order of their relative liquidity.

Revenue recognition

Contributions and grants are recognized as support in the period in which they are received. Grants are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An annual fundraising campaign commences on July 1 to obtain donations and pledges to support the Organization's activities including community grants. The Organization reports campaign contributions net of amounts that are designated by donors to a specific non-profit agency. Donor designated pledges are assessed both a fundraising and administrative processing fee of 18.4% with a maximum fee of \$100 per donor which is based on historical costs in accordance with United Way Worldwide membership standards.

Campaign efforts include amounts raised by participating companies that are paid directly to the recipient organization. The amount of these pass-through funds was \$210,736 and \$260,203 for the years ended June 30, 2015 and 2014, respectively, and are not reflected in the statements of activities.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Contributions and grants receivable

Contributions receivable are typically due within one year or less and therefore recorded without any present value discount. The Organization provides for an allowance for uncollectible contributions and grants receivable based upon historical averages and management's estimates of current economic factors. Accounts are written off against the allowance when management has exhausted all reasonable collection efforts. The allowance for uncollectible contributions receivable was \$68,775 and \$212,413 as of June 30, 2015 and 2014, respectively. There was no allowance for grants receivable as of June 30, 2015 and 2014.

Investments, including endowments

Investments are recorded at fair value using methodologies discussed in Note 4. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Investment activity is reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

The Organization's investments include donor restricted endowment funds and funds functioning as quasi-endowment funds. Donor restricted endowments consist of gifts received with a donor stipulation that require the funds to be invested in perpetuity. Quasi-endowment funds consist of board designated and donor restricted purpose funds. Board designated funds consist of monies internally designated. Donor restricted purpose funds consist of gifts received with a donor stipulation to be used for a particular purpose, but with no requirement for the funds to be invested in perpetuity and for which a fund was established to function as an endowment.

Professional accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Massachusetts Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") which serves as a model act for states to modernize their laws governing donor restricted endowment funds.

The Board of Directors (the "Board") has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of bequests donated to the permanent endowment.

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: the duration and preservation of the funds, the purpose of the Organization and the donor restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Organization, and the investment policies of the Organization.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Investments, including endowments (continued)

The Organization has authorized a spending policy for its endowment of appropriating for distribution each year 4.5% of its endowment fund's three-year average fair value as of December 31st of the preceding fiscal year in which the distribution is planned. In fiscal years 2015 and 2014, this amounted to \$10,459 and \$13,978, respectively. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The Organization used \$23,774 and \$13,978 of the available funds for the years ended June 30, 2015 and 2014, respectively. The board of directors approved appropriations of \$10,549 in June 2014 and \$13,315 in June 2015, which were transferred during fiscal year 2015.

Property and equipment, net

Property and equipment are carried at cost less accumulated depreciation. The Organization capitalizes expenditures for equipment in excess of \$2,500. The fair value of donated equipment is similarly capitalized. Depreciation is calculated based on the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives of buildings and improvements is from seven to twenty years and the lives of furniture and equipment is from three to ten years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. The Organization evaluated the carrying value of its property and equipment and no impairment was recorded.

Depreciation expense was \$44,144 and \$46,038 for the years ended June 30, 2015 and 2014, respectively.

Community grants payable

Community impact grants are awarded to agencies for specific programs for one or two years, however, the second year is contingent on satisfactory program performance, contract compliance, and available dollars. The grants are recommended by community volunteers and approved by the board of directors. These expenses are recorded prior to fiscal year end and monthly distributions will be made in the subsequent fiscal year. The Organization requires grant recipients to provide all required reporting in order to receive their last payment.

Due to designated agencies

Contributions that are designated to a specific third-party beneficiary are recorded as a liability at the time that the contribution is received. These pledges are paid to designated agencies, as received, with payments issued twice per year. The Organization received and paid donor designations to outside parties of \$198,797 and \$281,616 for the years ended June 30, 2015 and 2014, respectively.

BERKSHIRE UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Net assets

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accompanying financial statements are classified for accounting and reporting purposes into classes of net assets in accordance with the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets, including the Organization's operating accounts and board designated funds set aside for long term investment purposes, not subject to donor-imposed stipulations. Board designated net assets are a portion of the accumulation of unrestricted surpluses that are available for use at the discretion of the Organization's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by action of the Organization and/or the passage of time. Realized and unrealized gains or losses on permanently and temporarily restricted investments are reported as temporarily restricted net assets in accordance with donor stipulations and Massachusetts law.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations 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 related investments for general or specific purposes.

The Board has adopted a reserve policy whereby certain unrestricted net assets are board designated in order to establish a means to provide ongoing funding for operations and community programs for a period of four months, effective in fiscal year 2015 (3 months in fiscal year 2014). This allows time to develop alternative plans if there is an unanticipated decline in available funds. Additionally, it provides a rational basis by which to determine a target range that is not excessive.

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated advertising and video production, building and office and improvements, room and theater fees, supplies and special event related items in the amount of \$23,678 and \$35,647 during the years ended June 30, 2015 and 2014, respectively. This amount has been reported as both in-kind revenue and the applicable expense on the statements of activities.

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Approximately 4,720 volunteer hours were contributed, including approximately 1,890 hours by volunteers from local companies participating in the Organization's annual campaign during the year ended June 30, 2015. The volunteer hours have not been recorded in the statements of activities.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Functional allocation of expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities. Accordingly, certain building costs have been allocated among the programs and supporting services benefited. This allocation is based on the full time equivalent of employees in each respective department.

Advertising

The Organization charges advertising costs to expense as incurred which amounted to \$33,114 and \$57,981 for the years ended June 30, 2015 and 2014, respectively.

Tax-exempt status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal or state income taxes has been made.

Uncertain tax positions

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Organization's tax returns are subject to examination by taxing authorities for all years ending on or after June 30, 2012.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENTS:

The Board of Directors of the Organization, as the governing Board, is responsible for oversight of the Organization's investments. Establishment and implementation of investment policy, including the establishment of investment guidelines and the selection of investment managers, is the Board of Directors responsibility. Investments authorized include marketable equity and debt securities and other types of investments that may be made with the prior approval of the Board of Directors.

The primary investment objective of the investment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future activities of the Organization. Long term the total return on the portfolio should equal the rate of inflation, plus the payout rate which is used to support current activities, plus an amount reinvested to support future activities.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

3. INVESTMENTS: (CONTINUED)

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires to be retained for perpetual funds. The historic gift value of donor restricted endowment funds cannot be reduced for any excess losses. Any excess losses shall reduce temporarily restricted net assets to the extent there is net appreciation on the related funds. Any remaining excess losses shall reduce unrestricted net assets. As of June 30, 2015 and 2014, there were no cumulative losses on the investments of donor restricted endowment funds.

Investments at June 30, 2015 consist of:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and equivalents	\$ 11,761	\$ 11,761	\$ -
Fixed income			
Nongovernment obligations	457,490	457,359	(131)
Foreign obligations	202,788	201,698	(1,090)
Income exchange traded funds	167,354	164,775	(2,579)
Common stock			
Industrials	56,471	71,242	14,771
Materials	16,429	16,667	238
Telecommunication services	15,210	23,212	8,002
Consumer discretionary	57,469	102,407	44,938
Consumer staples	50,267	59,474	9,207
Energy	65,176	71,537	6,361
Financials	89,065	132,726	43,661
Health care	80,207	134,121	53,914
Information technology	129,797	176,738	46,941
Utilities	11,734	16,428	4,694
Equity funds			
Small cap equity funds	89,146	95,567	6,421
International equity funds	73,353	89,785	16,432
Equity exchange traded funds	552,647	558,999	6,352
Total investments	<u>\$ 2,126,364</u>	<u>\$ 2,384,496</u>	<u>\$ 258,132</u>

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

3. INVESTMENTS: (CONTINUED)

Investments at June 30, 2014 consist of:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and equivalents	\$ 159,358	\$ 159,358	\$ -
Certificate of deposit	79,555	79,555	-
Fixed income			
Nongovernment obligations	407,120	409,057	1,937
Foreign obligations	203,478	203,522	44
Income exchange traded funds	155,179	159,719	4,540
Common stock			
Industrials	39,367	55,188	15,821
Telecommunication services	19,764	33,028	13,264
Consumer discretionary	72,651	105,137	32,486
Consumer staples	40,749	55,215	14,466
Energy	52,059	95,558	43,499
Financials	72,029	103,181	31,152
Health care	65,976	100,329	34,353
Information technology	101,645	134,383	32,738
Utilities	25,492	35,810	10,318
Equity funds			
Small cap equity funds	146,801	203,768	56,967
International equity funds	68,039	100,510	32,471
Equity exchange traded funds	331,022	407,455	76,433
Total investments	<u>\$ 2,040,284</u>	<u>\$ 2,440,773</u>	<u>\$ 400,489</u>

The Organization's bonds were rated as follows as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
AA	\$ 74,671	\$ 123,250
A	334,158	285,504
BBB	250,228	203,825
Total	<u>\$ 659,057</u>	<u>\$ 612,579</u>

The following schedule summarizes the investment return in the statement of activities for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 49,680	\$ 43,630
Unrealized (losses) gains	(142,357)	139,292
Realized gains	187,250	146,734
Less: fees and other costs	<u>(19,728)</u>	<u>(19,386)</u>
Total	<u>\$ 74,845</u>	<u>\$ 310,270</u>

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

4. FAIR VALUE MEASUREMENTS:

The Organization follows established guidelines for a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Market price is generally obtained from exchange or dealer markets.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted 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. Inputs are obtained from various sources including market participants, dealers and brokers.
- Level 3 Unobservable inputs that are supported by little or no market activity as they trade infrequently or not at all and that are significant to the fair value of the assets or liabilities.

Investments

Investments are reported at fair value based on quoted market prices, where available, and/or other market data for the same or comparable instruments and transactions in establishing the prices. Fixed income funds are valued at the closing price reported in the active market in which the bond is traded. All of the Organizations investments qualify as Level 1.

5. ENDOWMENTS:

Endowment by net asset class and type at June 30, 2015 and 2014 consists of:

	Temporarily Restricted	Permanently Restricted	Total
June 30, 2015			
Donor restricted endowment funds	\$ <u>119,058</u>	\$ <u>486,288</u>	\$ <u>605,346</u>
 June 30, 2014			
Donor restricted endowment funds	\$ <u>139,557</u>	\$ <u>486,288</u>	\$ <u>625,845</u>

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

5. ENDOWMENTS: (CONTINUED)

The following schedule reconciles the change in endowments by net asset class for the years ended June 30, 2015 and 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment investments - June 30, 2013	\$ 74,005	\$ 481,288	\$ 555,293
Contributions - cash	-	5,000	5,000
Realized and unrealized gains	72,890	-	72,890
Interest and dividends, net	6,620	-	6,620
Spending policy distribution	(13,958)	-	(13,958)
Endowment investments - June 30, 2014	139,557	486,288	625,845
Realized and unrealized gains	9,961	-	9,961
Interest and dividends, net	8,314	-	8,314
Spending policy distribution	(23,774)	-	(23,774)
Venture grant distribution	(15,000)	-	(15,000)
Endowment investments - June 30, 2015	\$ 119,058	\$ 486,288	\$ 605,346

6. PROPERTY AND EQUIPMENT:

The Organization's property and equipment consists of the following as of June 30:

	2015	2014
Land	\$ 128,939	\$ 128,939
Buildings and improvements	580,867	580,867
Furniture and equipment	222,164	222,164
	931,970	931,970
Less: accumulated depreciation	(598,259)	(554,115)
Property and equipment, net	\$ 333,711	\$ 377,855

7. LINE OF CREDIT:

The Organization has a line of credit agreement with a local bank. The maximum amount available on the line of credit is \$300,000 which is due on demand. The line of credit is subject to annual renewal in June and secured by unrestricted investments. The interest rate is the New York Prime Rate as published in the Wall Street Journal (3.25% at June 30, 2015 and 2014). Effective June 2014, there is an interest rate floor of 2%. There was no balance outstanding against the line of credit at June 30, 2015 and 2014.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

8. LONG-TERM DEBT:

The Organization's long-term debt consists of the following at June 30:

	2015	2014
Commercial pledge agreement payable to a bank in monthly installments of \$1,564 with interest to be adjusted every three years using the Federal Home Loan Bank 3/10 amortizing rate plus 2%, no lower than 3.0%. As of June 30, 2015 and 2014, the interest rate was 3.0%. The note is due August 2018, and is collateralized with unrestricted investments.	\$ 56,589	\$ 73,358
Less: current portion of long-term debt	(18,769)	(16,834)
Long-term debt, net of current portion	\$ 37,820	\$ 56,524

Future principal payments are as follows:

<u>Year Ending June 30,</u>		
2016	\$	18,769
2017		17,836
2018		18,379
2019		1,605
Total	\$	56,589

Total interest expense on the long-term debt was \$2,174 and \$4,244 for the years ended June 30, 2015 and 2014, respectively.

The long-term debt requires that the Organization meet certain reporting covenants.

9. LEASE INCOME:

The Organization leases office space to two other organizations at \$4,194 per month and at \$2,817 per month, which expire June 2016 and November 2018, respectively. Total rent received was \$84,930 and \$84,408 for the years ended June 30, 2015 and 2014, respectively.

The future minimum rental income is as follows:

<u>Year Ending June 30</u>		
2016	\$	84,130
2017		33,805
2018		33,805
2019		14,086

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are summarized as follows at June 30:

	<u>2015</u>	<u>2014</u>
Face the facts: reduce teen pregnancy	\$ 40,000	\$ 60,000
Accumulated earnings on endowment	119,058	139,557
	<u>\$ 159,058</u>	<u>\$ 199,557</u>

11. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are summarized as follows at June 30:

	<u>2015</u>	<u>2014</u>
Ruth P. Boraski Children's endowment	\$ 211,378	\$ 211,378
General endowment	35,000	35,000
GE Good Neighbor	62,425	62,425
Venture endowment	177,485	177,485
	<u>\$ 486,288</u>	<u>\$ 486,288</u>

12. NET ASSETS RELEASED FROM RESTRICTIONS:

The restricted net assets released from restrictions in 2015 related to the following:

Temporarily restricted net assets released:		
Face the facts: reduce teen pregnancy	\$ 20,000	
Venture grant distribution	15,000	
	<u>35,000</u>	
Total	<u>\$ 35,000</u>	

13. RETIREMENT PLAN:

The Organization maintains a 403(b) Plan (the "Plan") for eligible employees. Employees are eligible to make salary reduction contributions upon hire. Employees are eligible for matching and base contributions from the Organization upon reaching age twenty one and achieving one year of service (1,000 hours of service). The Organization's contribution to the Plan was \$20,965 and \$28,029 for the years ended June 30, 2015 and 2014, respectively.

BERKSHIRE UNITED WAY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

14. RELATED PARTY TRANSACTIONS:

The Organization recorded grants to various agencies who have affiliations with members of the Board of Directors, totaling approximately \$125,000 and \$245,000 for the years ended June 30, 2015 and 2014, respectively.

A majority of the Organization's cash and investments are held at Berkshire Bank where a member of the Board of Directors is employed.

15. CONTINGENCIES:

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds requiring repayment to the funding source. As of the date of these financial statements, the Organization has not been informed of any disallowed expenditures.

16. CONCENTRATIONS OF CREDIT RISK:

The Organization maintains its cash balance in local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization has not experienced any losses on these accounts. The Organization believes it is not exposed to any significant credit risk on cash.

17. SUBSEQUENT EVENTS:

In October 2015, a major corporate donor announced the Company was re-locating out of Pittsfield. This donor, along with its employees, contributed approximately \$185,000 to the Organization during fiscal year 2015. It is anticipated that this contribution will not occur in the fiscal year 2016/2017 campaign.

Management has evaluated subsequent events through October 22, 2015, the date of which the financial statements were available to be issued.