

Centre County United Way

Financial Statements

June 30, 2014 and 2013

Centre County United Way

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Independent Auditors' Report

Board of Directors
Centre County United Way

Report on the Financial Statements

We have audited the accompanying financial statements of Centre County United Way, which comprise the statement of financial position as of June 30, 2014 and 2013, 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 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 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 Centre County United Way as of June 30, 2014 and 2013, 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.

Baker Tilly Viechow Krause, LLP

State College, Pennsylvania
November 20, 2014

Centre County United Way

Statement of Financial Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,168,300	\$ 1,171,575
Pledges receivable, net of allowance for uncollectible pledges of \$66,854 in 2014 and \$75,370 in 2013	709,265	700,519
Other receivables	-	170
Prepaid expenses and other current assets	<u>4,234</u>	<u>-</u>
Total current assets	1,881,799	1,872,264
Property and Equipment, Net	8,855	9,315
Certificates of Deposit	<u>442,388</u>	<u>356,943</u>
Total assets	<u>\$ 2,333,042</u>	<u>\$ 2,238,522</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 632	\$ 6,500
Allocations and designations payable	252,825	54,102
Accrued salaries and wages	10,090	8,281
Accrued compensated absences	2,608	3,814
Accrued payroll liabilities	<u>6,924</u>	<u>8,180</u>
Total current liabilities	<u>273,079</u>	<u>80,877</u>
Net Assets		
Unrestricted		
Board designated	1,663,865	1,693,202
Undesignated	277,688	313,712
Temporarily restricted	<u>118,410</u>	<u>150,731</u>
Total net assets	<u>2,059,963</u>	<u>2,157,645</u>
Total liabilities and net assets	<u>\$ 2,333,042</u>	<u>\$ 2,238,522</u>

See notes to financial statements

Centre County United Way

Statement of Activities

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 1,657,153	\$ 1,810,092
Special events, net of expenses of \$66,868 in 2014 and \$41,193 in 2013	156,181	120,315
Miscellaneous	24,825	15,556
Investment income	<u>3,023</u>	<u>3,737</u>
Total revenue and support	1,841,182	1,949,700
Net Assets Released from Restrictions	<u>152,251</u>	<u>123,616</u>
Total revenue and support and assets released from restrictions	<u>1,993,433</u>	<u>2,073,316</u>
Expenses		
Program Services		
Agency allocations	1,635,649	1,644,005
Other programs	<u>24,451</u>	<u>22,852</u>
Total program services	<u>1,660,100</u>	<u>1,666,857</u>
Supporting Services		
Administration	141,190	171,153
Fundraising	<u>257,504</u>	<u>199,655</u>
Total supporting services	<u>398,694</u>	<u>370,808</u>
Total expenses	<u>2,058,794</u>	<u>2,037,665</u>
(Decrease) increase in unrestricted net assets	<u>(65,361)</u>	<u>35,651</u>
Changes in Temporarily Restricted Net Assets		
Contributions	119,930	146,784
Net assets released from restrictions due to payment	<u>(152,251)</u>	<u>(123,616)</u>
(Decrease) increase in temporarily restricted net assets	<u>(32,321)</u>	<u>23,168</u>
Change in Net Assets	(97,682)	58,819
Net Assets, Beginning of Year	<u>2,157,645</u>	<u>2,098,826</u>
Net Assets, End of Year	<u>\$ 2,059,963</u>	<u>\$ 2,157,645</u>

See notes to financial statements

Centre County United Way
Statement of Functional Expenses
Year Ended June 30, 2014

	Program			Administration	Fundraising	Total
	Allocations	Other Programs	Total			
Agency allocations	\$ 1,596,277	\$ -	\$ 1,596,277	\$ -	\$ -	\$ 1,596,277
Salaries and wages	30,513	5,158	35,671	36,270	127,569	199,510
Employee benefits	6,142	-	6,142	7,301	26,712	40,155
Payroll taxes	2,717	620	3,337	3,229	11,145	17,711
Total salaries and benefits	39,372	5,778	45,150	46,800	165,426	257,376
Occupancy	-	-	-	14,406	29,249	43,655
Professional fees	-	-	-	30,780	-	30,780
Dues/subscriptions	-	-	-	27,598	-	27,598
Advertising	-	1,529	1,529	5,657	14,589	21,775
Equipment rent/maintenance	-	-	-	6,644	13,488	20,132
Campaign	-	-	-	-	15,697	15,697
Grants	-	12,500	12,500	-	-	12,500
Conferences/meetings	-	-	-	1,962	3,982	5,944
Miscellaneous	-	-	-	1,861	3,777	5,638
Postage	-	-	-	1,660	3,370	5,030
Supplies	-	4,628	4,628	-	130	4,758
Office	-	-	-	1,285	2,610	3,895
Telephone	-	-	-	1,117	2,269	3,386
Insurance	-	-	-	720	1,463	2,183
Travel	-	16	16	548	1,146	1,710
Total other expenses	-	18,673	18,673	94,238	91,770	204,681
Depreciation	-	-	-	152	308	460
Total functional expenses	\$ 1,635,649	\$ 24,451	\$ 1,660,100	\$ 141,190	\$ 257,504	\$ 2,058,794

Centre County United Way
Statement of Functional Expenses
Year Ended June 30, 2013

	Program			Administration	Fundraising	Total
	Allocations	Other Programs	Total			
Agency allocations	\$ 1,612,453	\$ -	\$ 1,612,453	\$ -	\$ -	\$ 1,612,453
Salaries and wages	25,415	6,858	32,273	35,501	101,660	169,434
Employee benefits	3,788	-	3,788	6,314	15,154	25,256
Payroll taxes	2,349	640	2,989	3,276	9,397	15,662
Total salaries and benefits	31,552	7,498	39,050	45,091	126,211	210,352
Professional fees	-	-	-	49,255	-	49,255
Dues/subscriptions	-	-	-	46,447	-	46,447
Occupancy	-	-	-	12,804	25,997	38,801
Advertising	-	895	895	4,640	11,238	16,773
Equipment rent/maintenance	-	-	-	4,310	8,751	13,061
Grants	-	10,000	10,000	-	-	10,000
Campaign	-	-	-	-	9,740	9,740
Office	-	-	-	2,705	5,493	8,198
Postage	-	-	-	1,581	3,209	4,790
Supplies	-	4,405	4,405	-	131	4,536
Conferences/meetings	-	-	-	1,292	2,624	3,916
Miscellaneous	-	-	-	995	2,019	3,014
Telephone	-	-	-	896	1,820	2,716
Insurance	-	-	-	687	1,396	2,083
Travel	-	54	54	291	700	1,045
Total other expenses	-	15,354	15,354	125,903	73,118	214,375
Depreciation	-	-	-	159	326	485
Total functional expenses	\$ 1,644,005	\$ 22,852	\$ 1,666,857	\$ 171,153	\$ 199,655	\$ 2,037,665

Centre County United Way

Statement of Cash Flows

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (97,682)	\$ 58,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	460	485
(Increase) decrease in assets:		
Pledges receivable	(8,746)	(62,395)
Other receivables	170	8,411
Prepaid expenses and other current assets	(4,234)	4,916
Increase (decrease) in liabilities:		
Accounts payable	(5,868)	(3,500)
Allocations and designations payable	198,723	6,693
Accrued expenses	(653)	2,276
Net cash provided by operating activities	<u>82,170</u>	<u>15,705</u>
Cash Flows Used in Investing Activities		
Increase in certificates of deposit	<u>(85,445)</u>	<u>(207,723)</u>
Decrease in Cash and Cash Equivalents	(3,275)	(192,018)
Cash and Cash Equivalents, Beginning	<u>1,171,575</u>	<u>1,363,593</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,168,300</u>	<u>\$ 1,171,575</u>

See notes to financial statements

Centre County United Way

Notes to Financial Statements

June 30, 2014 and 2013

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Centre County United Way (the "Organization") is a non-profit organization formed to raise community funds and allocate money to a group of member service agencies providing health, welfare, and social services in Centre County, Pennsylvania.

The Organization evaluated subsequent events for recognition or disclosure through November 20, 2014, the date the financial statements were available to be issued.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when the obligation is incurred.

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 these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Pledges Receivable

Pledged support is considered available for unrestricted use unless specifically restricted by the donor. Unpaid pledges are written off a year and a half after the end of the campaign year.

Property and Equipment

The Organization capitalizes property and equipment purchases of \$1,000 or greater. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Repairs and maintenance are expensed and major betterments are capitalized.

Certificates of Deposit

Certificates of deposit are recorded in the financial statements as long-term assets based on their long-term maturity date or management's intentions to rollover the certificates of deposit over a long-term maturity.

Centre County United Way

Notes to Financial Statements

June 30, 2014 and 2013

Member Agency Allocations

Allocations to member agencies are recorded based on the campaign allocation recommended by the Fund Distribution Committee and approved by the Board of Directors.

Functional Expenses

The cost of providing various programs and administrative activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors for specific purposes.

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-Restricted Gifts

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated 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.

The Organization uses the allowance method to determine uncollectible amounts of receivables resulting from unconditional promises to give. The allowance is based on prior years' experience and management analysis of specific promises made. The allowance for uncollectible pledges was \$66,854 at June 30, 2014 and \$75,370 at June 30, 2013.

Advertising

Advertising costs are charged to expense as incurred and were \$21,775 in 2014 and \$16,773 in 2013.

Centre County United Way

Notes to Financial Statements
June 30, 2014 and 2013

Income Taxes

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2014 and 2013.

The Organization's federal income tax returns for the years ended subsequent to June 30, 2010 remain subject to examination by the Internal Revenue Service.

New Accounting Standards

In October 2012, the FASB issued ASU 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows*. This amendment addresses the diversity in practice with regard to the presentation of cash receipts from the sale of donated assets in the statement of cash flows. Under this update, a non-for-profit entity will be required to classify cash receipts from the sale of donated financial assets as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. This update is effective for the Organization's fiscal year beginning July 1, 2013. The guidance is prospective and management does not believe the adoption of this ASU will have a significant impact on the Organization's financial position or results of operations.

In April 2013, the FASB issued ASU 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*. This amendment will require a recipient non-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Such services will be required to be measured at the cost recognized by the affiliate for the personnel providing those services. However, if this measurement will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either the cost recognized by the affiliate for the personnel providing that service or the fair value of that service. This update is effective for the Organization's fiscal year beginning July 1, 2014. The guidance is prospective and management does not believe the adoption of this ASU will have a significant impact on the Organization's financial position or results of operations.

Centre County United Way

Notes to Financial Statements
June 30, 2014 and 2013

2. Property and Equipment, Net

Property and equipment consists of the following at June 30:

	<u>Useful Life</u>	<u>2014</u>	<u>2013</u>
Leasehold improvements	39 years	\$ 9,160	\$ 9,160
Equipment	3-7 years	58,877	58,877
		<u>68,037</u>	<u>68,037</u>
Accumulated depreciation		<u>(59,182)</u>	<u>(58,722)</u>
Property and equipment, net		<u>\$ 8,855</u>	<u>\$ 9,315</u>

3. Unrestricted Net Assets

Board appropriated unrestricted net assets were available for the following purposes as of June 30:

	<u>2014</u>	<u>2013</u>
Agency Allocation	\$ 1,591,328	\$ 1,614,953
Community Impact	44,641	44,641
Women's Leadership Group	16,941	22,652
Community Initiative	5,435	5,435
Operations ASAP	4,854	4,854
Young Leaders	667	667
	<u>\$ 1,663,866</u>	<u>\$ 1,693,202</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2014</u>	<u>2013</u>
Subsequent year campaign pledges	\$ 85,930	\$ 131,784
De Tocqueville designations	14,000	-
Day of caring	18,480	18,947
	<u>\$ 118,410</u>	<u>\$ 18,947</u>

Centre County United Way

Notes to Financial Statements

June 30, 2014 and 2013

5. Designated Payables

Donations received and designated specifically to an agency are classified as revenue for each agency and as accounts payable for the Organization. Designated payables amounted to \$252,825 and \$54,102 at June 30, 2014 and 2013, respectively.

6. Employee Benefit Plans

On January 1, 2014 the Organization switched from a 403(b) voluntary savings plan to an SEP IRA available to all eligible employees. Pension expense was \$14,617 and \$11,615 for the years ended June 30, 2014 and 2013, respectively, and is included in employee benefits on the statements of functional expenses.

7. Leases

The Organization leases its office and storage facilities under a non-cancellable operating lease through August 2015. Rent expense under this lease was \$40,033 and \$36,299 for the years ended June 30, 2014 and 2013, respectively. The Organization gave notice of termination of this lease as of May 2014. Future lease payments are \$6,469 for the year end June 30, 2015.

In June 2014, the Organization entered into a 3 year operating lease for a new office and storage space through May 2017. Rent expense under this lease was \$500 for the year ended June 30, 2014. Future minimum lease commitments under this lease are \$6,000 for the years ending June 30, 2015, 2016 and \$2,500 in 2017.

The Organization also leases office equipment, under non-cancellable operating leases through June 2015. Rent expense under these leases was \$4,380 for the years ended June 30, 2014 and 2013, respectively. Future minimum lease commitments under these leases are as follows:

2015	<u>\$</u>	<u>4,380</u>
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8. Concentration of Credit Risk

The Organization maintains cash balances at local financing institutions. Accounts at these institutions are insured up to \$250,000. The Organization maintains cash balances in excess of this amount and historically has not experienced any credit related losses.