

Centre County United Way

Financial Statements

June 30, 2013 and 2012

Centre County United Way

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Independent Auditors' Report

Board of Directors
Centre County United Way

We have audited the accompanying financial statements of Centre County United Way, which comprise the statement of financial position as of June 30, 2013 and 2012, 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, 2013 and 2012, 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.

ParenteBeard LLC

State College, Pennsylvania
February 3, 2014

Centre County United Way

Statement of Financial Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,171,575	\$ 1,363,593
Pledges receivable, net of allowance for uncollectible pledges of \$75,370 in 2013 and \$78,940 in 2012	700,519	638,124
Other receivables	170	8,581
Prepaid expenses and other current assets	<u>-</u>	<u>4,916</u>
Total current assets	1,872,264	2,015,214
Property and Equipment, Net	9,315	9,800
Certificates of Deposit	<u>356,943</u>	<u>149,220</u>
Total assets	<u>\$ 2,238,522</u>	<u>\$ 2,174,234</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 6,500	\$ 10,000
Allocations and designations payable	54,102	47,409
Accrued salaries and wages	8,281	6,080
Accrued compensated absences	3,814	2,944
Accrued payroll liabilities	<u>8,180</u>	<u>8,975</u>
Total current liabilities	<u>80,877</u>	<u>75,408</u>
Net Assets		
Unrestricted		
Board designated	1,693,202	1,717,997
Undesignated	313,712	253,266
Temporarily restricted	<u>150,731</u>	<u>127,563</u>
Total net assets	<u>2,157,645</u>	<u>2,098,826</u>
Total liabilities and net assets	<u>\$ 2,238,522</u>	<u>\$ 2,174,234</u>

See notes to financial statements

Centre County United Way

Statement of Activities

For the Year Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 1,810,092	\$ 1,740,765
Miscellaneous	15,556	12,481
Special events, net of expenses of \$41,193	120,315	40,075
Investment income	3,737	5,747
	<u>1,949,700</u>	<u>1,799,068</u>
Net Assets Released from Restrictions	<u>123,616</u>	<u>82,591</u>
Total revenue and support and assets released from restrictions	<u>2,073,316</u>	<u>1,881,659</u>
Expenses		
Program Services		
Agency allocations	1,644,005	1,654,944
Other programs	22,852	59,403
	<u>1,666,857</u>	<u>1,714,347</u>
Supporting Services		
Administration	171,153	125,852
Fundraising	199,655	221,169
	<u>370,808</u>	<u>347,021</u>
Total expenses	<u>2,037,665</u>	<u>2,061,368</u>
Increase (decrease) in unrestricted net assets	<u>35,651</u>	<u>(179,709)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	146,784	127,563
Net assets released from restrictions due to payment	<u>(123,616)</u>	<u>(82,591)</u>
Increase in temporarily restricted net assets	<u>23,168</u>	<u>44,972</u>
Change in Net Assets	58,819	(134,737)
Net Assets, Beginning of Year	<u>2,098,826</u>	<u>2,233,563</u>
Net Assets, End of Year	<u>\$ 2,157,645</u>	<u>\$ 2,098,826</u>

See notes to financial statements

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
Office	-	-	-	2,705	5,493	8,198
Telephone	-	-	-	896	1,820	2,716
Postage	-	-	-	1,581	3,209	4,790
Occupancy	-	-	-	12,804	25,997	38,801
Equipment rent/maintenance	-	-	-	4,310	8,751	13,061
Travel	-	54	54	291	700	1,045
Supplies	-	4,405	4,405	-	131	4,536
Conferences/meetings	-	-	-	1,292	2,624	3,916
Dues/subscriptions	-	-	-	46,447	-	46,447
Insurance	-	-	-	687	1,396	2,083
Campaign	-	-	-	-	9,740	9,740
Advertising	-	895	895	4,640	11,238	16,773
Miscellaneous	-	-	-	995	2,019	3,014
Grants	-	10,000	10,000	-	-	10,000
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 Functional Expenses
Year Ended June 30, 2012

	Program			Administration	Fundraising	Total
	Allocations	Other Programs	Total			
Agency allocations	\$ 1,622,525	\$ -	\$ 1,622,525	\$ -	\$ -	\$ 1,622,525
Salaries and wages	26,446	5,667	32,113	45,336	97,953	175,402
Employee benefits	3,442	-	3,442	5,736	13,767	22,945
Payroll taxes	2,531	542	3,073	4,338	10,665	18,076
Total salaries and benefits	32,419	6,209	38,628	55,410	122,385	216,423
Professional fees	-	-	-	8,746	-	8,746
Office	-	127	127	981	2,058	3,166
Telephone	-	389	389	727	1,479	2,595
Postage	-	-	-	2,101	4,267	6,368
Occupancy	-	-	-	13,569	27,548	41,117
Equipment rent/maintenance	-	-	-	8,859	17,987	26,846
Travel	-	-	-	407	826	1,233
Supplies	-	454	454	-	202	656
Conferences/meetings	-	-	-	1,751	3,555	5,306
Dues/subscriptions	-	-	-	21,806	-	21,806
Insurance	-	-	-	2,005	4,071	6,076
Campaign	-	167	167	-	16,492	16,659
Advertising	-	1,531	1,531	4,763	10,717	17,011
Miscellaneous	-	-	-	4,529	9,196	13,725
Grants	-	50,526	50,526	-	-	50,526
Total other expenses	-	53,194	53,194	70,244	98,398	221,836
Depreciation	-	-	-	198	386	584
Total functional expenses	\$ 1,654,944	\$ 59,403	\$ 1,714,347	\$ 125,852	\$ 221,169	\$ 2,061,368

Centre County United Way

Statement of Cash Flows

For the Year Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 58,819	\$ (134,737)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	485	584
(Increase) decrease in assets:		
Pledges receivable	(62,395)	47,784
Other receivables	8,411	(8,581)
Prepaid expenses and other current assets	4,916	(4,916)
Increase (decrease) in liabilities:		
Accounts payable	(3,500)	8,694
Allocations and designations payable	6,693	(25,926)
Accrued expenses	2,276	10,215
Net cash provided by (used in) operating activities	15,705	(106,883)
Cash Flows from Investing Activities		
Increase in certificates of deposit	(207,723)	(413)
Decrease in Cash and Cash Equivalents	(192,018)	(107,296)
Cash and Cash Equivalents, Beginning	1,363,593	1,470,889
Cash and Cash Equivalents, Ending	<u>\$ 1,171,575</u>	<u>\$ 1,363,593</u>

See notes to financial statements

Centre County United Way

Notes to Financial Statements
June 30, 2013 and 2012

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 February 3, 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, 2013 and 2012

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 \$75,370 at June 30, 2013 and \$78,940 at June 30, 2012.

Advertising

Advertising costs are charged to expense as incurred and were \$16,773 at June 30, 2013 and \$17,011 in 2012.

Centre County United Way

Notes to Financial Statements
June 30, 2013 and 2012

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, 2013 and 2012.

The Organization's federal income tax returns for the years ended subsequent to June 30, 2009 remain subject to examination by the Internal Revenue Service.

2. Property and Equipment, Net

Property and equipment consists of the following at June 30, 2013 and 2012:

	<u>Useful Life</u>	<u>2013</u>	<u>2012</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>(58,722)</u>	<u>(58,237)</u>
Property and equipment, net		<u>\$ 9,315</u>	<u>\$ 9,800</u>

3. Unrestricted Net Assets

Board appropriated unrestricted net assets were available for the following purposes as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Agency Allocation	\$ 1,614,953	\$ 1,629,438
Community Impact	44,641	44,641
Women's Leadership Group	22,652	22,962
Community Initiative	5,435	15,435
Operations ASAP	4,854	4,854
Young Leaders	667	667
	<u>\$ 1,693,202</u>	<u>\$ 1,717,997</u>

Centre County United Way

Notes to Financial Statements
June 30, 2013 and 2012

4. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Subsequent year campaign pledges	\$ 131,784	\$ 110,763
Day of caring	<u>18,947</u>	<u>16,800</u>
	<u>\$ 150,731</u>	<u>\$ 127,563</u>

5. Allocations and 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 \$54,102 and \$47,409 at June 30, 2013 and 2012, respectively.

6. Employee Benefit Plans

The Organization has a 403(b) voluntary savings plan available to all eligible employees. Pension expense was \$11,615 and \$15,285 for the years ended June 30, 2013 and 2012, 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 \$36,299 and \$36,052 for the years ended June 30, 2013 and 2012, respectively. Future minimum lease commitments under this lease are \$38,813 and \$6,469 for the years ending June 30, 2014 and 2015, respectively.

The Organization also leases office equipment, under non-cancellable operating leases through June 2015. Rent expense under these leases was \$4,380 and \$4,812 for the years ended June 30, 2013 and 2012, respectively. Future minimum lease commitments under these leases are as follow:

2014	\$ 4,380
2015	<u>4,380</u>
Total	<u>\$ 8,760</u>

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.