



Darrell L. Keller, CPA, PA

UNITED WAY OF LINCOLN COUNTY, INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

(704) 739-0771

UNITED WAY OF LINCOLN COUNTY, INC.
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YEAR ENDED MARCH 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Lincoln County, Inc.

I have audited the accompanying financial statements of United Way of Lincoln County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2015, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lincoln County, Inc. as of March 31, 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.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations distributed to agencies on page 13 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

June 10, 2015

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Cash and cash equivalents	\$ 124,038	\$ 1,285	\$ 125,323
Unconditional Promises To Give-			-
Net of Allowance for Uncollectible Promises	-	235,530	235,530
Refunds receivable	616	-	616
Prepaid expenses	2,117	-	2,117
Fixed Assets-net of depreciation	2,267	-	2,267
	<u>\$ 129,038</u>	<u>\$ 236,815</u>	<u>\$ 365,853</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	\$ 832	\$ 8,274	\$ 9,106
Payroll taxes withheld	1,441	-	1,441
			-
Total liabilities	<u>2,273</u>	<u>8,274</u>	<u>10,547</u>
Net assets:			
Unrestricted	126,765	-	126,765
Temporarily restricted	-	228,541	228,541
Total net assets	<u>126,765</u>	<u>228,541</u>	<u>355,306</u>
Total liabilities and net assets	<u>\$ 129,038</u>	<u>\$ 236,815</u>	<u>\$ 365,853</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF ACTIVITIES
MARCH 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Public support:			
Campaign contributions	\$ -	\$ 378,162	\$ 378,162
Less provision for uncollectible pledges	-	12,092	12,092
Net campaign contributions	<u>-</u>	<u>366,070</u>	<u>366,070</u>
Contributions	2,813	-	2,813
Gifts in-kind	7,120	-	7,120
Reimbursements	61	-	61
Interest income	274	-	274
Net assets released from restriction (Note 5)	<u>363,320</u>	<u>(363,320)</u>	<u>-</u>
Total public support	<u>373,588</u>	<u>2,750</u>	<u>376,338</u>
Expenses:			
Allocations to agencies/Designations to Other United Way and Non-agencies	244,243	-	244,243
Allocation and agency relations	21,187	-	21,187
Management and general	27,366	-	27,366
Fundraising	42,817	-	42,817
Total expenses	<u>335,613</u>	<u>-</u>	<u>335,613</u>
Change in net assets	37,975	2,750	40,725
Net assets:			
Beginning	88,790	225,791	314,581
Transfer	-	-	-
Ending	<u>\$ 126,765</u>	<u>\$ 228,541</u>	<u>\$ 355,306</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2015

	Allocation and Agency Relations	Management and General	Fund Raising	Funds Awarded to Other Agencies	Total 2013
Salaries and benefits	\$ 9,558	\$ 16,726	\$ 21,506	\$ -	47,790
Payroll taxes	707	1,237	1,590	-	3,534
Insurance	392	685	881	-	1,958
Conference, conventions, and travel	121	211	272	-	604
Postage	36	64	82	-	182
Advertising*	297	562	703	-	1,562
Professional services	800	1,400	1,800	-	4,000
Telephone	536	938	1,206	-	2,680
Supplies and printing	141	247	424	-	812
Promotional expenses	-	-	2,646	-	2,646
Equipment maintenance	676	1,184	1,522	-	3,382
Utilities	658	1,152	1,481	-	3,291
Luncheons	153	90	13	-	256
Dues and memberships	182	318	409	-	909
Website	594	-	-	-	594
Dues to state and national	594	1,040	1,337	-	2,971
211/Day of Caring/Teen Board	2,408	-	-	-	2,408
Fees from Other United Ways	-	-	3,549	-	3,549
Rent*	972	1,350	3,078	-	5,400
Funds Awarded	-	-	-	244,243	244,243
Miscellaneous	2,262	-	-	-	2,262
Bank charges	-	23	-	-	23
Total expenses before depreciation	<u>21,087</u>	<u>27,227</u>	<u>42,499</u>	<u>244,243</u>	<u>335,056</u>
Depreciation	100	139	318	-	557
Total expenses	<u>\$ 21,187</u>	<u>\$ 27,366</u>	<u>\$ 42,817</u>	<u>\$ 244,243</u>	<u>\$ 335,613</u>

* Includes Gift in Kind, see note 7

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

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 40,725
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	558
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Promises To Give	(5,630)
Receivables	(396)
Prepaid expenses	(1,200)
Increase (Decrease) in Accounts Payable and Accrued Expenses	3,394
Net Cash Provided By Operating Activities	37,451
CASH FLOWS FROM INVESTING ACTIVITIES:	
Loan proceeds	-
Repayment of loans	-
Purchase of fixed assets	(576)
Net Cash Used By Investing Activities	(576)
Net Increase (Decrease) in Cash and Cash Equivalents	36,875
Beginning Cash and Cash Equivalents	88,448
Ending Cash and Cash Equivalents	\$ 125,323
Interest paid for the year	\$ -

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

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Organizational History

United Way of Lincoln County, Inc. (United Way) is a non-profit organization incorporated on November 4, 1960 and is governed by a volunteer Board of Directors. Its mission is to connect people, resources and ideas to create a thriving community characterized by stability, educational success, and healthy members of the community.

The United Way is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the exempt purpose of the United Way is subject to tax. There was no unrelated business income in the year ended March 31, 2015. The United Way has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the United Way are tax-deductible within the limitations prescribed by law. The United Way is also classified as a non-profit health and welfare service agency. Revenue is derived primarily through campaign contributions.

Basis of Accounting

The United Way prepares its financial statements on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

The United Way uses the allowance method to determine uncollectible pledges receivable. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible.

Contributions

Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Unrestricted Net Assets

Contributions received from third parties that are not restricted as to use or for which the donor-imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying financial statements.

Temporarily Restricted Net Assets

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, are reported as temporarily restricted net assets in the accompanying financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions. Contributions received with temporary restrictions which are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions in the accompanying statement of activities.

During the year ended March 31, 2015, the United Way released \$363,320 from temporarily restricted net assets to unrestricted net assets. This amount represented payments received on pledges receivable.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

Property and Equipment

The United Way capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

Contributed Services

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The United Way had 630 volunteer hours in fiscal year ending March 31, 2015.

Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as Allocation and Agency Relations, Management and General, or Fundraising in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Salaries and related expenses are allocated based on the estimated time the employee spends on each function.

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The United Way's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

UNITED WAY OF LINCOLN COUNTY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2015

Advertising

The United Way expenses advertising costs as incurred.

Note 2. PLEDGES RECEIVABLE

Pledges Receivable as of March 31, 2015 is summarized as follows:

	<u>Pledges due in less than one year</u>	<u>Pledges due within 1-5 years</u>	<u>Less: unamortized present value discount</u>	<u>Pledges receivable balance, net of discount</u>	<u>Allowance</u>	<u>Pledges receivable balance, net of discount and allowance</u>
Campaign pledges receivable:						
2013/2014 Campaign	\$ 20,317	\$ -	\$ -	\$ 20,317	\$ 12,564	\$ 7,753
2014/2015 Campaign	<u>253,642</u>	<u>-</u>	<u>-</u>	<u>253,642</u>	<u>25,866</u>	<u>227,776</u>
Subtotal	<u>\$ 273,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,960</u>	<u>\$ 38,430</u>	<u>\$ 235,530</u>

Allowance for uncollectible pledges was \$38,430 resulting in a net receivable of \$235,530. Because pledges are short term pledges there is no discount for present value.

Campaign Contributions per Statement of Activities	\$ 378,162
Amount left to UW in will	-
Amount received for previous campaigns	<u>-</u>
Total 2014/2015 Campaign Income	<u>378,162</u>
Total 2014/2015 Campaign	378,162
Average Uncollectible past 5 years	<u>6.8400%</u>
Allowance for Uncollectibles- 2014/2015 Campaign	25,866
Allowance-2013/2014 Campaign	<u>12,564</u>
Total Uncollectible-All years	<u>38,430</u>

UNITED WAY OF LINCOLN COUNTY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2015

Management used the actual average uncollectible amount for the past 5 years to determine the estimated allowance on the 2014/2015 campaign. Management reviewed all outstanding accounts for the 2013/2014 campaign and adjusted the allowance to expected uncollectible amount. It is management's policy that the uncollectible amounts be written off in the August after the campaign year (e.g. 2013/2014 actual uncollectible will be written off in August 2015).

Note 3. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2015 consists of the following:

Property and Equipment	\$ 12,440
Less Accumulated Depreciation	(10,173)
Net Property and Equipment	<u>\$ 2,267</u>

Note 4. LEASES

The United Way leases its building from Lincoln County for \$1 per lease period. The lease was renewed in the fiscal year March 31, 2013 for a 3 year period with an option to renew for an additional 5 year period. See Note 7 for information on lease expense.

Note 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of March 31, 2015 consisted of the following:

Net Promises to give	\$ 235,530
Day of Caring	1,189
Teen Center	(94)
Specific Event	80
Christmas Fund	110
Accounts Payable restricted to other agencies	(8,274)
Total temporarily restricted net assets	<u>\$ 228,541</u>

Net promises to give are considered temporarily restricted until collected.

Amounts contributed to the Day of Caring, Teen Center, Specific Event, and Christmas Fund are restricted for use for these activities. The amounts above represent the contributions/cash that has yet to be expended.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

Note 6. ACCOUNTS PAYABLE, INCLUDING DESIGNATIONS TO OTHER AGENCIES

Accounts Payable-Expenses	\$	832
Payroll Liabilities		1,443
Accounts Payable-Agencies		8,274
Total Accounts Payable	<u>\$</u>	<u>10,549</u>

Note 7. GIFTS IN KIND

The United Way received several gifts in kind in the current year as follows:

Lease	\$ 5,400
Advertising	\$ 1,520
Services	\$ 200
	<u>\$ 7,120</u>

These gifts were recorded as income and expense. The lease is for the fair market rental value of the office space leased from Lincoln County as described in Note 4. The advertising was for advertisements in a local paper. The services were for the installation of a new security system.

Note 8. SUBSEQUENT EVENTS

The United Way has evaluated its financial statements for subsequent events through June 10, 2015, the date the financial statements were available to be issued. The United Way is not aware of any such events which would require recognition or disclosure in the financial statements.

UNITED WAY OF LINCOLN COUNTY, INC.
SCHEDULE OF ALLOCATIONS DISTRIBUTED TO AGENCIES
YEAR ENDED MARCH 31, 2015

A Place To Grow	\$ 6,000
American Red Cross	26,950
Boy Scouts	10,000
Communities In Schools	21,000
Family Services	4,000
Rape Crisis Center	4,000
Helping Hands Clinic	20,000
Hospice	15,000
LC Coalition Against Child Abuse	37,000
LC Coalition Against Domestic Violence	25,000
Lincoln County Family YMCA	24,000
Sally's YMCA	10,000
Salem Industries	7,050
Special Olympics	15,000
Designations-Other County United Ways and non-agencies	19,243
Total allocation to agencies	<u>\$ 244,243</u>

The Accompanying Notes are an Integral Part of these Financial Statements.