

August 12, 2015

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

We have audited the financial statements of Beaufort County United Way, Inc. for the years ended March 31, 2015 and 2014, and have issued our report thereon dated August 12, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 27, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Beaufort County United Way, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of fixed assets is based on historical information. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 12, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of Beaufort County United Way, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Seiler, Singleton & Associates, P.A.*

**BEAUFORT COUNTY UNITED WAY, INC.**

**Financial Statements**

For the years ended March 31, 2015 & 2014

**BEAUFORT COUNTY UNITED WAY, INC.**  
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**For the Years Ended March 31, 2015 & 2014**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Beaufort County United Way (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of March 31, 2015 and 2014, and the related statements of support, revenue, and expenses—modified cash basis, statements of functional expenses-modified cash basis, and statements of cash flows-modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 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 assets, liabilities, and net assets of Beaufort County United Way, Inc. as of March 31, 2015 and 2014, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of charities program services expense-modified cash basis on pages 13-15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Seifer, Singleton & Associates, P.A.*

Washington, NC  
August 12, 2015

## FINANCIAL STATEMENTS

**Beaufort County United Way, Inc.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**As of March 31, 2015 & 2014**

<b>ASSETS</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 167,017	\$ 188,925
Sales tax receivable (net)	<u>256</u>	<u>137</u>
<b>Total Current Assets</b>	<u>167,273</u>	<u>189,062</u>
<b>FIXED ASSETS</b>		
Property and equipment	17,465	7,280
Less: accumulated depreciation	<u>(9,511)</u>	<u>(7,108)</u>
<b>Net Fixed Assets</b>	<u>7,954</u>	<u>172</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 175,227</u></u>	<u><u>\$ 189,234</u></u>
 <b>CURRENT LIABILITIES</b>		
Payroll taxes accrued and withheld payable	\$ 1,177	\$ 1,281
Other payables	<u>1,000</u>	<u>0</u>
<b>Total Current Liabilities</b>	<u>2,177</u>	<u>1,281</u>
<b>Total Liabilities</b>	<u>2,177</u>	<u>1,281</u>
 <b>NET ASSETS</b>		
Unrestricted	<u>173,050</u>	<u>187,953</u>
<b>Total Net Assets</b>	<u>173,050</u>	<u>187,953</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 175,227</u></u>	<u><u>\$ 189,234</u></u>

See accompanying notes to financial statements.



**Beaufort County United Way, Inc.**  
**STATEMENTS OF SUPPORT, REVENUE AND EXPENSES**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

	<u>2015</u>	<u>2014</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and other support		
Contribution income	\$ 222,208	\$ 188,141
Investment income	159	271
Total revenue and other support	<u>222,367</u>	<u>188,412</u>
Net assets released from restrictions	70,930	142,119
Functional Expenses		
Program services	246,532	280,707
Management and general	30,605	27,960
Fundraising expenses	31,063	31,412
Total functional expenses	<u>308,200</u>	<u>340,079</u>
<b>Increase (decrease) in unrestricted net assets</b>	<b>(14,903)</b>	<b>(9,548)</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Revenue and other support		
Contribution income	70,930	142,119
Net assets released from restrictions	<u>(70,930)</u>	<u>(142,119)</u>
<b>Increase (decrease) in temporarily restricted net assets</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>NET INCREASE(DECREASE) IN NET ASSETS</b>	<b>(14,903)</b>	<b>(9,548)</b>
<b>NET ASSETS</b>		
Beginning of year	<u>187,953</u>	<u>197,501</u>
End of year	<u><u>\$ 173,050</u></u>	<u><u>\$ 187,953</u></u>

See accompanying notes to financial statements.

**Beaufort County United Way, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

<b>For the Year Ended March 31, 2015</b>				
	Program Services	Management and General	Fundraising	Totals
Charities	\$ 225,752	\$ 0	\$ 0	\$ 225,752
Campaign expense	0	0	3,358	3,358
Dues and subscriptions	0	6,024	0	6,024
Insurance	0	2,359	0	2,359
Postage and printing	137	137	183	457
Professional fees	2,966	2,965	3,954	9,885
Salaries	12,569	12,570	16,759	41,898
Office expenses	0	1,444	0	1,444
Payroll taxes	962	961	1,282	3,205
Telephone	130	129	173	432
Licenses	60	60	80	200
Depreciation	721	721	961	2,403
Office lease	2,025	2,025	2,700	6,750
Miscellaneous	628	628	837	2,093
Maintenance	582	582	776	1,940
<b>Total Functional Expenses</b>	<b>\$ 246,532</b>	<b>\$ 30,605</b>	<b>\$ 31,063</b>	<b>\$ 308,200</b>

<b>For the Year Ended March 31, 2014</b>				
	Program Services	Management and General	Fundraising	Totals
Charities	\$ 260,855	\$ 0	\$ 0	\$ 260,855
Campaign expense	0	0	3,351	3,351
Advertising	0	0	1,590	1,590
Dues and subscriptions	0	4,940	0	4,940
Insurance	0	2,295	0	2,295
Postage and printing	38	39	51	128
Professional fees	2,292	2,292	3,056	7,640
Salaries	13,438	13,437	17,917	44,792
Office expenses	0	876	0	876
Payroll taxes	1,028	1,028	1,371	3,427
Telephone	150	150	200	500
Licenses	79	79	106	264
Depreciation	35	34	46	115
Office lease	1,894	1,894	2,526	6,314
Miscellaneous	184	183	246	613
Maintenance	714	713	952	2,379
<b>Total Functional Expenses</b>	<b>\$ 280,707</b>	<b>\$ 27,960</b>	<b>\$ 31,412</b>	<b>\$ 340,079</b>

See accompanying notes to financial statements.

**Beaufort County United Way, Inc.**  
**STATEMENTS OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

	<u>2015</u>	<u>2014</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net increase (decrease) in net assets	\$ (14,903)	\$ (9,548)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	2,403	115
(Increase) Decrease in:		
Receivables	(119)	52
Increase (Decrease) in:		
Payables	1,000	0
Accrued payroll taxes	(104)	399
None		
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>(11,723)</u>	<u>(8,982)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(10,185)</u>	<u>0</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(10,185)</u>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(21,908)	(8,982)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>188,925</u>	<u>197,907</u>
End of year	<u>\$ 167,017</u>	<u>\$ 188,925</u>

See accompanying notes to financial statements.

**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2015 & 2014**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Beaufort County United Way, Inc., (the Organization) was formed in 1961, under the name of the United Fund of Washington, Inc.

The Organization was formed to collect gifts, bequests, and donations for the maintenance and support of health, educational, welfare, and charitable institutions and agencies within Beaufort County, North Carolina. The Organization receives its revenues from donations by individuals, groups and from campaigns run at area businesses.

Sources of Revenue

The Organization receives a majority of its revenue through campaign donations run through area business.

Method of Accounting

The financial statements have been prepared on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment and related depreciation, notes payable, prepaid expenses and advances to employees in the accompanying statements of assets, liabilities and net assets - modified cash basis. In addition, certain in-kind donations are recorded in the accompanying statements of support, revenue, and expenses - modified cash basis.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Estimates

The preparation of financial statements on another comprehensive basis of accounting (modified cash-basis) requires management to make estimates and assumptions that

**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2015 & 2014**

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affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers cash on deposit, cash on hand, and certificates of deposits with original maturities less than one year, to be cash equivalents.

Property and Equipment

Property and equipment of the Organization are recorded at cost and depreciated over their estimated useful lives using straight-line basis. Depreciation expense for the years ended March 31, 2015 and 2014 were \$2,403 and \$115 respectively. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Donations of property, equipment, and materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support 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 support.

Compensated Absences

It is the policy of Beaufort County United Way, Inc. to allow full-time employees to accrue vacation at the rate of one week per year.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with fund-raising, special projects and office duties. The volunteer hours have not been recorded in the statement of activities.

Income Taxes

The Organization received recognition and approval of tax-exempt status from the Internal Revenue Service, under Section 501(c)(3) of the Internal Revenue Code, in September 1971. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This interpretation prescribes a minimum probability threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits

**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2015 & 2014**

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of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination included years ended March 31, 2012 through March 31, 2015.

2. OPERATING LEASE

The Organization operated under a written lease agreement dated on October 1, 2012 for \$400 per month. The Organization entered into an updated sublease agreement beginning January 1, 2014 with the Mid-East Commission. This operating lease is for \$425 per month and is a twelve month lease. On January 16, 2015 the Organization entered into an updated sublease for \$450 per month and is a twelve month lease. This new monthly amount includes telephone and internet services. The rental expense for March 31, 2015 and 2014 year was \$5,175 and \$4,900, respectively.

3. CONCENTRATIONS

The Organization receives a large portion of its income from campaigns run in Beaufort County, North Carolina. The Organization received 75% and 71% of its revenue for the fiscal year ended March 31, 2015 and 2014, respectively, from businesses in Beaufort County.

The Organization receives a large portion of its contributions from campaigns run through PotashCorp Aurora. The Organization received 61% and 57% of its revenue for the fiscal year ended March 31, 2015 and 2014, respectively, from PotashCorp Aurora.

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2015, the date which the financial statements were available to be issued.

**Beaufort County United Way, Inc.**  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

	<u>2015</u>		<u>2014</u>
American Cancer Society	\$ 57	\$	36
American Heart Assoc	0		432
American Red Cross - BCC	7,960		11,107
American Red Cross - Coastal	1,198		2,092
Angels N Camo	12,791		684
Animal Rescue Foundation	102		0
Beaufort Co. 4-H Club	18		239
Beaufort Co. Meals on Wheels	221		0
Beaufort Co. Mental Health	5,297		4,113
Beaufort County Developmental	0		204
Beaufort County Humane Society	313		0
Belhaven Senior Center	4,020		7,363
Blind Center	20		0
Blounts Creek Fire Department	259		0
Boy Scouts East Carolina Counc	5,634		8,130
Boys & Girls Club	9,235		11,989
Boys & Girls Club - Pitt Co	0		111
Bread of Life Outreach Ministries	6,653		8,862
Canines for Service	227		0
Carolina Pregnancy Center	453		0
Children's Home Society/NC	401		0
Coastal Conservation Association	261		0
Coastal Pregnancy	204		259
Coastal Women's Shelter	1,202		234
Colonial Capit Humane	605		659
Craven County Crime Stoppers	0		18
Craven Literacy Council	108		144
Crime Stoppers	828		854
DC Outreach Inc	0		71
Domestic Violence Unif Comm	0		86
Eagles Wings	12,706		22,584
East Caolina Wildfowl Guild	216		0
First Born Comm Devel Center	0		2,435
Food Bank of the Albemarle	11,483		16,080
Friends of Cozumel Humane Society	518		0
Girl Scouts	2,781		5,508
Good News Outreach Food Pantry	130		0
Grace Martin Harwell Senior Centra	3,558		5,945
Greenville Community Shelter	90		0
Habitat for Humanity	4,969		7,982
Habitat for Humanity - New Bern	432		432
Habitat for Humanity - Pamlico	259		432
Habitat for Humanity - Washington Co	432		0
Higher Heights	5,575		4,779

**Beaufort County United Way, Inc.**  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

	<u>2015</u>	<u>2014</u>
Hope Clinic	293	487
Hope Lodge	432	0
Hospice of Pamlico County	432	432
Literacy Volunteers	6,409	6,777
Marion L. Shepard Cancer	343	315
Masonic Home - Chldr of Oxford	45	36
Muscular Dystrophy Assoc	0	91
New Bern Food Bank-Eastern NC	0	432
PAL	5,760	0
PAWS	180	190
Pamlico Babe Ruth Leag	1,382	854
Pamlico Christian Academy	3,200	1,068
Pamlico County 4-H	558	1,456
Pamlico County Horseman's Association	86	0
Pamlico Fishes/Loaves	1,170	1,104
Pamlico Pals	5,853	6,431
Pitt Co American Red Cross	0	25
Pitt Co Habitat for Humanity	0	259
Pitt County Family Violence	45	0
Project Next Step	102	0
Promise Place	0	432
Purpose of God Annex	9,003	15,936
Real Crisis Intervention	3,983	5,072
Religious Community Service	18	0
Ronald McDonald House	684	1,039
Ruth's House	5,113	338
SANE	24	75
Salvation Army	33,446	42,939
Salvation Army - Coastal Carolina	994	2,916
Salvation Army Pitt County	0	9
Special Olympics NC (B/H)	53	43
St. Jude Children's Hospital	477	63
St. Vincent DePaul Conference	540	0
Still Waters Mental Health	45	0
Sudan Shriners	432	854
The ARC of Craven County	259	259
The Arc	8,447	12,250
The Zion Shelter	5,260	5,612
USO-World Headquarters	45	775
UW- Central Carolinas	432	0
United Negro College Fund	44	44
United Way of Albemarle Area	432	0
United Way of Coastal Carolina	19,907	22,619
United Way of Lenoir/Greene	224	86
United Way of Martin County	237	258



**Beaufort County United Way, Inc.**  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2015 & 2014**

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	<u>2015</u>	<u>2014</u>
United Way of Pitt County	4,021	2,841
United Way of Washington Co.	0	114
Unity Christian Academy	1,080	1,025
V Foundation for Cancer Research	1,296	854
Wounded Warrior Project	1,404	534
Young Life on the Pamlico	<u>346</u>	<u>47</u>
<b>TOTAL CHARITIES PROGRAM SERVICES EXPENSE</b>	<u>\$ 225,752</u>	<u>\$ 260,855</u>

