

BEAUFORT COUNTY UNITED WAY, INC.

Financial Statements

For the years ended March 31, 2017 & 2016

BEAUFORT COUNTY UNITED WAY, INC.
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Beaufort County United Way
Washington, NC

We have reviewed 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, 2017 and 2016, and the related statements of support, revenues, and expenses - modified cash basis, the statements of functional expenses – modified cash basis and the statements of cash flows – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in the schedules of charities program services expense – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

Seiler, Singleton & Associates, P.A.
Washington, NC 27889
September 1, 2017

FINANCIAL STATEMENTS

Beaufort County United Way, Inc.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
As of March 31, 2017 & 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 394,635	\$ 486,674
Sales tax receivable (net)	<u>169</u>	<u>169</u>
Total Current Assets	<u>394,804</u>	<u>486,843</u>
FIXED ASSETS		
Property and equipment	17,465	17,465
Less: accumulated depreciation	<u>(16,041)</u>	<u>(12,805)</u>
Net Fixed Assets	<u>1,424</u>	<u>4,660</u>
TOTAL ASSETS	<u><u>\$ 396,228</u></u>	<u><u>\$ 491,503</u></u>
 CURRENT LIABILITIES		
Payroll taxes accrued and withheld payable	\$ 1,620	\$ 1,613
Other payables	<u>500</u>	<u>750</u>
Total Current Liabilities	<u>2,120</u>	<u>2,363</u>
Total Liabilities	<u>2,120</u>	<u>2,363</u>
 NET ASSETS		
Unrestricted	<u>394,108</u>	<u>489,140</u>
Total Net Assets	<u>394,108</u>	<u>489,140</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 396,228</u></u>	<u><u>\$ 491,503</u></u>

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES
MODIFIED CASH BASIS
For the Years Ended March 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
Revenue and other support		
Contribution income	\$ 194,564	\$ 272,611
Fundraising income	0	10,248
Investment income	2,072	171
Total revenue and other support	196,636	283,030
Net assets released from restrictions	0	11,363
Functional Expenses		
Program services	229,312	234,817
Management and general	30,356	32,581
Fundraising expenses	32,000	44,846
Total functional expenses	291,668	312,244
Increase (decrease) in unrestricted net assets	(95,032)	(17,851)
TEMPORARILY RESTRICTED NET ASSETS		
Revenue and other support		
Contribution income	0	11,363
Net assets released from restrictions	0	(11,363)
Increase (decrease) in temporarily restricted net assets	0	0
NET INCREASE(DECREASE) IN NET ASSETS BEFORE EXTRAORDINARY ITEM	(95,032)	(17,851)
Extraordinary item - one-time contribution	0	333,941
INCREASE(DECREASE) IN NET ASSETS	(95,032)	316,090
NET ASSETS		
Beginning of year	489,140	173,050
End of year	\$ 394,108	\$ 489,140

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
For the Years Ended March 31, 2017 & 2016

For the Year Ended March 31, 2017				
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
Charities	\$ 206,318	\$ 0	\$ 0	\$ 206,318
Campaign expense	0	0	715	715
Advertising	0	0	625	625
Dues and subscriptions	0	1,020	0	1,020
Insurance	0	2,455	0	2,455
Postage and printing	113	113	151	377
Professional fees	2,445	2,445	3,260	8,150
Salaries	13,280	13,280	17,707	44,267
Office expenses	0	3,886	0	3,886
Payroll taxes	1,016	1,016	1,355	3,387
Telephone	39	39	52	130
Licenses	79	79	105	263
Depreciation	971	971	1,295	3,237
Office lease	2,217	2,217	2,956	7,390
Miscellaneous	2,170	2,171	2,893	7,234
Maintenance	664	664	886	2,214
Total Functional Expenses	<u>\$ 229,312</u>	<u>\$ 30,356</u>	<u>\$ 32,000</u>	<u>\$ 291,668</u>

For the Year Ended March 31, 2016				
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
Charities	\$ 212,336	\$ 0	\$ 0	\$ 212,336
Campaign expense	0	0	4,459	4,459
Fundraising expense	0	0	10,225	10,225
Advertising	0	0	189	189
Dues and subscriptions	0	5,006	0	5,006
Insurance	0	2,725	0	2,725
Postage and printing	79	79	105	263
Professional fees	3,098	3,098	4,130	10,326
Salaries	13,619	13,619	18,158	45,396
Office expenses	0	2,374	0	2,374
Payroll taxes	1,042	1,041	1,389	3,472
Licenses	60	60	80	200
Depreciation	988	988	1,318	3,294
Office lease	2,040	2,039	2,720	6,799
Miscellaneous	824	821	1,098	2,743
Maintenance	731	731	975	2,437
Total Functional Expenses	<u>\$ 234,817</u>	<u>\$ 32,581</u>	<u>\$ 44,846</u>	<u>\$ 312,244</u>

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF CASH FLOWS
MODIFIED CASH BASIS
For the Years Ended March 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ (95,032)	\$ 316,090
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	3,237	3,294
(Increase) Decrease in:		
Receivables	0	88
Increase (Decrease) in:		
Payables	(251)	750
Accrued payroll taxes	7	435
None		
 Net Cash Provided By (Used In) Operating Activities	 <u>(92,039)</u>	 <u>320,657</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
 Net Cash Provided By (Used In) Investing Activities	 <u>0</u>	 <u>0</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (92,039)	 320,657
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>486,674</u>	<u>167,017</u>
End of year	<u>\$ 394,635</u>	<u>\$ 486,674</u>

See accompanying notes and independent accountant's review report.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2017 & 2016

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, 2017 & 2016

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, 2017 and 2016 were \$3,237 and \$3,294 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, 2017 & 2016

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. The Organization's tax returns remain open for three years for federal and state income tax examinations.

2. OPERATING LEASE

On January 16, 2015 the Organization entered into a sublease for \$450 per month for twelve-months. This monthly amount includes telephone and internet services. The lease was discontinued at January 31, 2017. The rental expense for March 31, 2017 and 2016 year was \$5,526 and \$5,000, respectively.

3. CONCENTRATIONS

The Organization receives a large portion of its income from campaigns run in Beaufort County, North Carolina. The Organization received 61% and 81% of its revenue for the fiscal year ended March 31, 2017 and 2016, respectively, from businesses in Beaufort County.

The Organization receives a large portion of its contributions from campaigns run through PotashCorp Aurora. The Organization received 42% and 66% of its revenue for the fiscal year ended March 31, 2017 and 2016, respectively, from PotashCorp Aurora.

4. EXTRAORDINARY ITEM

The Organization received a one-time contribution of \$333,941 from an estate for the year ended March 31, 2016.

5. SUBSEQUENT EVENTS

On June 2, 2017, the Organization purchased a building for \$94,500.

Management has evaluated subsequent events through September 1, 2017, 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, 2017 & 2016

	<u>2017</u>	<u>2016</u>
Adventist Development & Relief Agency	\$ 132	\$ 0
Alex's Lemonade Stand Foundation	562	0
Alzheimers Association	432	547
American Cancer Society	320	87
American Red Cross - Coastal	2,174	3,221
American Red Cross Martin County	46	0
American Red Cross Pamlico	7,000	7,000
Angels N Camo	10,705	13,058
Aurora Fossil Museum Foundation	90	0
BSA-Eastern CA Council	0	6,147
Beaufort Hyde Partnership	200	0
Beaufort Co. 4-H Club	0	9
Beaufort Co. Meals on Wheels	543	1,224
Beaufort Co. Mental Health	1,086	4,000
Beaufort County Humane Society	173	87
Belhaven Senior Center	0	3,000
Blounts Creek Fire Department	1,298	432
Boy Scouts East Carolina Counc	9,500	0
Boys & Girls Club	15,000	10,000
Boys & Girls Club - Pitt Co	0	18
Bread of Life Outreach Ministries	7,000	6,200
Broadcreek EMS	111	0
Canines for Service	198	144
Carolina Pregnancy Center	0	648
Catholic Charities	274	0
Children's Home Society/NC	255	204
Coastal Car Delta Waterfowl	0	432
Coastal Pregnancy	1,495	0
Coastal Women's Shelter	48	216
Colonial Capit Humane	1,296	605
Core Sounds Decoy Carvers Guild	0	907
Craven County Jaguars	216	0
Craven Literacy Council	93	180
Crime Stoppers	691	562
Domestic Violence Unif Comm	180	90
Eagles Wings	14,000	14,867
First Free Will Baptist Church	0	432
Food Bank of the Albemarle	8,550	8,250
Freedom for Friends	900	900
Friends of Cozumel Humane Society	518	519
Girl Scouts	1,049	2,500
Grace Martin Harwell Senior Centra	3,000	3,000
Habitat for Humanity	139	400
Habitat for Humanity - New Bern	432	432

See independent accountant's review report.

Beaufort County United Way, Inc.
SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE
MODIFIED CASH BASIS
For the Years Ended March 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
Habitat for Humanity - Pamlico	0	259
Higher Heights	2,000	2,000
Home Health & Hospic Care 3HC	0	35
Hope Clinic	2,355	2,264
Hope Lodge	864	0
Hospice of Pamlico County	432	432
Journey of Hope Fdn	475	360
Literacy Volunteers	5,000	5,000
Marion L. Shepard Cancer	73	34
Masonic Home - Chldr of Oxford	90	87
Meals on Wheels-Beaufort County	0	402
New Bern Food Bank-Eastern NC	(5,290)	2,750
North Carolina Dart Team	432	0
PAL	10,000	5,000
PAWS	285	0
Pamlico Babe Ruth Leag	90	0
Pamlico Christian Academy	6,466	4,066
Pamlico County 4-H	472	167
Pamlico County Shrine Club	45	0
Pamlico Fishes/Loaves	90	90
Pamlico Historical Society	432	259
Pamlico Pals	3,600	4,300
Pet Food Pantry of Eastern NC	46	0
Pitt Co Habitat for Humanity	0	259
Promise Place	259	1,166
Purpose of God Annex	7,000	7,000
Real Crisis Intervention	4,300	4,300
Relay for Life - Beaufort Coun	453	437
Religious Community Service	48	316
Reviving Lives Ministries	173	666
Ronald McDonald House	1,224	1,247
Ruth's House	3,500	4,385
SCV Rains Brothers Camp	259	0
Salvation Army	21,972	26,518
Salvation Army - Coastal Carolina	2,234	1,107
Senior Citizens/Hyde Co	45	45
Special Olympics NC (B/H)	86	0
Special Olympics of Pamlico County	522	0
St. Jude Children's Hospital	2,039	368
St. Vincent DePaul Conference	0	540
Sudan Shriners	432	432
The ARC of Craven County	86	0
The Arc	7,400	7,400
The Arts of the Pamlico	100	0
The Zion Shelter	4,600	4,600

See independent accountant's review report.

Beaufort County United Way, Inc.
SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE
MODIFIED CASH BASIS
For the Years Ended March 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
UW - Wayne County	684	0
UW of Lake County	456	0
United Way World	3,038	0
United Way of Albemarle Area	366	424
United Way of Coastal Carolina	19,432	24,168
United Way of Martin County	0	288
United Way of Pitt County	2,418	1,680
Unity Christian Academy	1,296	1,166
V Foundation for Cancer Research	0	1,521
Washington Montessori Public Charter School	130	0
Wounded Warrior Project	4,103	3,352
Young Life on the Pamlico	0	1,128
TOTAL CHARITIES PROGRAM SERVICES EXPENSE	<u>\$ 206,318</u>	<u>\$ 212,336</u>

See independent accountant's review report.