

BEAUFORT COUNTY UNITED WAY, INC.
TABLE OF CONTENTS
For the Years Ended March 31, 2014 & 2013

	Page
Independent Auditors' Report	3
Financial Statements	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	5
Statements of Support, Revenue and Expenses – Modified Cash Basis	6
Statements of Functional Expenses – Modified Cash Basis.....	7
Statements of Cash Flows – Modified Cash Basis	8
Notes to Financial Statements	9-11
Schedules of Charities Program Services Expense - Modified Cash Basis.....	12-14

SEILER, SINGLETON & ASSOCIATES, PA
CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

Dennis W. Seiler, CPA • David F. Singleton, CPA
144 West Second Street • Washington, NC 27889 • Phone: (252) 946-8052 • Fax: (252) 946-3108

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, Inc. (a nonprofit organization) which comprise the statements of assets, liabilities and net assets - modified cash basis as of March 31, 2014 and 2013, and the related statements of support, revenue 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.

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 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, 2014 and 2013, and its support, revenue and expenses for the years then ended in accordance with the modified basis of accounting as described in Note 1.

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.

Seiler, Singleton & Associates, P.A.

Washington, NC
August 26, 2014

FINANCIAL STATEMENTS

Beaufort County United Way, Inc.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
As of March 31, 2014 & 2013

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 188,925	\$ 197,907
Sales tax receivable (net)	<u>137</u>	<u>189</u>
Total Current Assets	<u>189,062</u>	<u>198,096</u>
FIXED ASSETS		
Property and equipment	7,280	7,280
Less: accumulated depreciation	<u>(7,108)</u>	<u>(6,993)</u>
Net Fixed Assets	<u>172</u>	<u>287</u>
TOTAL ASSETS	<u><u>\$ 189,234</u></u>	<u><u>\$ 198,383</u></u>
 CURRENT LIABILITIES		
Payroll taxes accrued and withheld payable	<u>\$ 1,281</u>	<u>\$ 882</u>
Total Current Liabilities	<u>1,281</u>	<u>882</u>
Total Liabilities	<u>1,281</u>	<u>882</u>
 NET ASSETS		
Unrestricted	<u>187,953</u>	<u>197,501</u>
Total Net Assets	<u>187,953</u>	<u>197,501</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 189,234</u></u>	<u><u>\$ 198,383</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, 2014 & 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Revenue and other support		
Contribution income	\$ 188,141	\$ 256,061
Investment income	271	713
Realized and unrealized gains (losses) on investments	<u>0</u>	<u>(317)</u>
Total revenue and other support	188,412	256,457
Net assets released from restrictions	142,119	225,926
Functional Expenses		
Program services	280,707	283,267
Management and general	27,960	30,568
Fundraising expenses	<u>31,412</u>	<u>32,089</u>
Total functional expenses	<u>340,079</u>	<u>345,924</u>
Increase (decrease) in unrestricted net assets	(9,548)	136,459
TEMPORARILY RESTRICTED NET ASSETS		
Revenue		
Donations	142,119	218,831
Net assets released from restrictions	<u>(142,119)</u>	<u>(225,926)</u>
Increase (decrease) in temporarily restricted net assets	<u>0</u>	<u>(7,095)</u>
NET INCREASE(DECREASE) IN NET ASSETS	(9,548)	129,364
NET ASSETS		
Beginning of year	<u>197,501</u>	<u>68,137</u>
End of year	<u>\$ 187,953</u>	<u>\$ 197,501</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, 2014 & 2013

	For the Year Ended March 31, 2014			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
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	115	46	196
Office lease	1,894	1,894	2,526	6,314
Miscellaneous	184	183	246	613
Maintenance	714	713	952	2,379
Totals	<u>\$ 280,707</u>	<u>\$ 28,041</u>	<u>\$ 31,412</u>	<u>\$ 340,160</u>

	For the Year Ended March 31, 2013			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Charities	\$ 263,670	\$ 0	\$ 0	\$ 263,670
Campaign expense	0	0	5,311	5,311
Advertising	0	0	650	650
Dues and subscriptions	0	6,454	0	6,454
Insurance	0	2,630	0	2,630
Postage and printing	105	106	140	351
Professional fees	2,277	2,277	3,036	7,590
Salaries	12,900	12,900	17,200	43,000
Office expenses	0	1,891	0	1,891
Payroll taxes	987	987	1,316	3,290
Telephone	262	261	349	872
Licenses	82	82	109	273
Depreciation	58	192	77	327
Office lease	1,864	1,864	2,486	6,214
Miscellaneous	420	418	559	1,397
Maintenance	642	641	856	2,139
Totals	<u>\$ 283,267</u>	<u>\$ 30,703</u>	<u>\$ 32,089</u>	<u>\$ 346,059</u>

See accompanying notes to financial statements.

Beaufort County United Way, Inc.
STATEMENTS OF CASH FLOWS
MODIFIED CASH BASIS
For the Years Ended March 31, 2014 & 2013

	<u>2014</u>	<u>2013</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ (9,548)	\$ 129,364
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	115	192
(Increase) Decrease in:		
Receivables	52	57
Increase (Decrease) in:		
Accrued payroll taxes	<u>399</u>	<u>59</u>
Net Cash Provided By (Used In) Operating Activities	<u>(8,982)</u>	<u>129,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investment	<u>0</u>	<u>9,579</u>
Net Cash Provided By (Used In) Investing Activities	<u>0</u>	<u>9,579</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,982)	139,251
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>197,907</u>	<u>58,656</u>
End of year	<u>\$ 188,925</u>	<u>\$ 197,907</u>

See accompanying notes to financial statements.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2014 & 2013

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 revenues, expenses and changes in net assets - 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 affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2014 & 2013

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, 2014 and 2013 were \$115 and \$192 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 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

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2014 & 2013

accompanying financial statements. Tax years that remain open for examination included years ended March 31, 2011 through March 31, 2014.

4. 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. The rental expense for March 31, 2014 and 2013 year was \$4,900 and \$4,800, respectively.

5. CONCENTRATIONS

The Organization receives a large portion of its income from campaigns run in Beaufort County, North Carolina. The Organization received 71% and 85% of its revenue for the fiscal year ended March 31, 2014 and 2013, respectively, from businesses in Beaufort County.

The Organization receives a large portion of its contributions from campaigns run through PotashCorp Aurora. The Organization received 57% and 74% of its revenue for the fiscal year ended March 31, 2014 and 2013, respectively, from PotashCorp Aurora.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2014, 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, 2014 & 2013

CHARITIES	<u>2014</u>	<u>2013</u>
Alzheimers Association	\$ 0	\$ 442
American Cancer Society	36	480
American Heart Assoc	432	0
American Red Cross - BCC	11,107	13,019
American Red Cross - Coastal	2,092	5,521
Angels N Camo	684	0
Aurora Fossil Museum Foundation	0	221
Beaufort Co. 4-H Club	239	88
Beaufort Co. Mental Health	4,113	2,961
Beaufort County Developmental	204	433
Beaufort County Humane Society	0	88
Belhaven Senior Center	7,363	3,978
Blind Center	0	442
Boy Scouts East Carolina Counc	8,130	11,179
Boys & Girls Club	11,989	12,010
Boys & Girls Club - Pitt Co	111	113
Bread of Life Outreach Ministries	8,862	6,802
Catholic Charities	0	442
Coastal Pregnancy	259	360
Coastal Women's Shelter	234	265
Colonial Capit Humane	659	530
Craven County Crime Stoppers	18	0
Craven Literacy Council	144	0
Crime Stoppers	854	845
DC Outreach Inc	71	0
Domestic Violence Unif Comm	86	221
Eagles Wings	22,584	17,746
First Born Comm Devel Center	2,435	2,429
Food Bank of the Albemarle	16,080	13,719
Girl Scouts	5,508	5,735
Goose Creek Island Comm Develop	0	221
Grace Martin Harwell Senior Centra	5,945	2,169
Habitat for Humanity	7,982	5,270
Habitat for Humanity - New Bern	432	552
Habitat for Humanity - Pamlico	432	44
Higher Heights	4,779	4,040
Home Health & Hospic Care 3HC	0	18
Hope Clinic	487	1,063
Hospice of Pamlico County	432	929
Humane Society of ENC	0	132
Literacy Volunteers	6,777	5,896
Make-A-Wish Fdn of ENC	0	668
Marion L. Shepard Cancer	315	461

Beaufort County United Way, Inc.
SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE
MODIFIED CASH BASIS
For the Years Ended March 31, 2014 & 2013

	<u>2014</u>	<u>2013</u>
Masonic Home - Chldr of Oxford	36	0
Muscular Dystrophy Assoc	91	0
NC Conf Unit Meth Disa	0	7,095
New Bern Food Bank-Eastern NC	432	0
PAWS	190	0
Pamlico Babe Ruth Leag	854	0
Pamlico Christian Academy	1,068	3,356
Pamlico Co Rescue Squad, Inc.	0	397
Pamlico County 4-H	1,456	2,116
Pamlico Fishes/Loaves	1,104	1,268
Pamlico Pals	6,431	6,727
Pamlico Senior Service	0	88
Pitt Co American Red Cross	25	133
Pitt Co Habitat for Humanity	259	132
Project Next Step	0	240
Promise Place	432	0
Pungo District Hospital Fdn	0	218
Purpose of God Annex	15,936	13,210
Real Crisis Intervention	5,072	6,379
Relay for Life - Beaufort Coun	0	483
Religious Community Service	0	194
Ronald McDonald House	1,039	1,803
Ruth's House	338	284
SANE	75	123
Salvation Army	42,939	37,207
Salvation Army - Coastal Carolina	2,916	1,901
Salvation Army Pitt County	9	9
Shriners Hosp for Childern	0	46
Special Olympics NC (B/H)	43	10
St. Clair's Church Disaster Rel	0	300
St. Jude Children's Hospital	63	46
Sudan Shriners	854	744
The ARC of Craven County	259	0
The Arc	12,250	7,415
The Kay Yow Cancer Fund	0	883
The Zion Shelter	5,612	6,036
UMCDR Aurora	0	300
USO-World Headquarters	775	524
United Negro College Fund	44	0
United Way of Albemarle Area	0	46
United Way of Coastal Carolina	22,619	36,971
United Way of Lenoir/Greene	86	45
United Way of Martin County	258	654
United Way of Pitt County	2,841	4,315
United Way of Washington Co.	114	395

Beaufort County United Way, Inc.
SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE
MODIFIED CASH BASIS
For the Years Ended March 31, 2014 & 2013

	<u>2014</u>	<u>2013</u>
Unity Christian Academy	1,025	0
V Foundation for Cancer Research	854	0
Wounded Warrior Project	534	0
Young Life on the Pamlico	47	45
TOTAL CHARITIES EXPENSE	<u>\$ 260,855</u>	<u>\$ 263,670</u>

SEILER, SINGLETON & ASSOCIATES, PA
CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

Dennis W. Seiler, CPA • David F. Singleton, CPA
144 West Second Street • Washington, NC 27889 • Phone: (252) 946-8052 • Fax: (252) 946-3108

August 26, 2014

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, 2014 and 2013, and have issued our report thereon dated August 25, 2014. 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 October 18, 2013. 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 2013. 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 26, 2014.

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.

During our audit of Beaufort County United Way, Inc. we noted one instance that we felt warranted review by management.

- While reviewing the minutes of the Board of Directors meetings we noted that we were missing two months of minutes. Upon inquiry with the Executive Director, minutes had to be recreated and approved. Minutes should be kept for each Board of Directors meeting and copies of the approved minutes should be retained.

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.