

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements
(with Independent Auditor's Report Thereon)

Years Ended August 31, 2013 and 2012

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UNITED WAY OF SOUTHEAST ALASKA

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Independent Auditor's Report

Members of the Board of Directors
United Way of Southeast Alaska
Juneau, Alaska

Ladies and Gentlemen:

We have audited the accompanying financial statements of United Way of Southeast Alaska (a nonprofit organization), which comprise the statements of financial position as of August 31, 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.

Auditor's 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.

Members of the Board of Directors
United Way of Southeast Alaska

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 United Way of Southeast Alaska, as of August 31, 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.

Altman, Rogers & Co.

Juneau, Alaska
May 12, 2014

UNITED WAY OF SOUTHEAST ALASKA

Statements of Financial Position

August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 166,991	137,357
Certificates of deposit	111,055	110,463
Accrued interest	714	592
Pledges receivable	111,572	151,489
Other receivable	44	25
Prepaid expenses	2,250	6,234
Total current assets	<u>392,626</u>	<u>406,160</u>
Non-current:		
Equipment, net of accumulated depreciation of \$6,358 in 2013 and \$5,294 in 2012	<u>1,627</u>	<u>2,691</u>
Total assets	<u>394,253</u>	<u>408,851</u>
Liabilities:		
Accounts payable	5,293	4,857
Designations payable	155,754	77,418
Accrued payroll	19,544	12,624
Deferred revenue	-	5,000
Total liabilities	<u>180,591</u>	<u>99,899</u>
Net assets:		
Temporarily restricted:		
Literacy Program	19,195	-
Disabilities Awareness and Empathy Training	1,456	-
Financial Literacy	5,000	-
Total temporarily restricted net assets	<u>25,651</u>	<u>-</u>
Unrestricted:		
Designated for:		
Property and equipment	1,627	2,691
Community impact	26,166	26,166
Undesignated	<u>160,218</u>	<u>280,095</u>
Total net assets	<u>213,662</u>	<u>308,952</u>
Total liabilities and net assets	<u>\$ 394,253</u>	<u>408,851</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Activities

Years ended August 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
SHARE campaign	\$ 7,854	-	7,854	\$ 14,468	-	14,468
Private campaign	121,832	-	121,832	190,684	-	190,684
Combined federal campaign	4,791	-	4,791	6,344	-	6,344
Collections of prior year campaign contributions greater than amount anticipated	2,046	-	2,046	1,797	-	1,797
Grant revenue	-	35,000	35,000	-	10,322	10,322
Miscellaneous income	25,955	-	25,955	25,193	-	25,193
In-kind contributions	9,589	-	9,589	40,498	-	40,498
Program tuition	11,426	-	11,426	2,686	-	2,686
Interest income	832	-	832	796	-	796
Net assets released from restriction	9,349	(9,349)	-	10,322	(10,322)	-
Total revenues and support	193,674	25,651	219,325	292,788	-	292,788
Expenses:						
Program services:						
Fund distributions	36,303	-	36,303	36,566	-	36,566
Juneau youth	-	-	-	322	-	322
Community impact	78,365	-	78,365	156,604	-	156,604
Total program services	114,668	-	114,668	193,492	-	193,492
Supporting services:						
Management and general	163,643	-	163,643	75,237	-	75,237
Fundraising	36,304	-	36,304	36,563	-	36,563
Total supporting services	199,947	-	199,947	111,800	-	111,800
Total expenses	314,615	-	314,615	305,292	-	305,292
Change in net assets	(120,941)	25,651	(95,290)	(12,504)	-	(12,504)
Net assets at beginning of year	308,952	-	308,952	321,456	-	321,456
Net assets at end of year	\$ 188,011	25,651	213,662	\$ 308,952	-	308,952

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses

Years ended August 31, 2013 and 2012

	2013							Total Program and Supporting Services
	Program Services				Supporting Services			
	Fund Distributions	Juneau Youth	Community Impact	Total	Management and General	Fund Raising	Total	
Expenses:								
Salaries and benefits	\$ 23,612	-	29,500	53,112	66,607	23,613	90,220	143,332
Payroll taxes	1,417	-	968	2,385	2,867	1,417	4,284	6,669
Grants to agencies	-	-	16,000	16,000	-	-	-	16,000
Professional fees	2,701	-	9,641	12,342	24,895	2,701	27,596	39,938
Office rent	2,999	-	5,998	8,997	22,524	2,999	25,523	34,520
Telephone and Internet	247	-	493	740	3,001	247	3,248	3,988
Office supplies	493	-	1,731	2,224	4,536	493	5,029	7,253
Printing	1,439	-	3,215	4,654	3,836	1,439	5,275	9,929
Postage	127	-	217	344	1,264	127	1,391	1,735
Advertising	2,151	-	4,941	7,092	8,303	2,151	10,454	17,546
Community relations	-	-	1,894	1,894	2,726	-	2,726	4,620
Fees and licenses	307	-	635	942	3,906	307	4,213	5,155
Bank fees	368	-	-	368	1,135	368	1,503	1,871
Insurance	-	-	-	-	1,444	-	1,444	1,444
Events and meetings	372	-	995	1,367	6,140	372	6,512	7,879
Training and development	70	-	140	210	3,602	70	3,672	3,882
SE travel	-	-	1,242	1,242	2,813	-	2,813	4,055
Technology operations	-	-	755	755	2,980	-	2,980	3,735
Depreciation	-	-	-	-	1,064	-	1,064	1,064
Total expenses	\$ 36,303	-	78,365	114,668	163,643	36,304	199,947	314,615

(continued)

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses, continued

	2012							Total Program and Supporting Services
	Program Services				Supporting Services			
	Fund Distributions	Juneau Youth	Community Impact	Total	Management and General	Fund Raising	Total	
Expenses:								
Salaries and benefits	\$ 13,474	-	59,160	72,634	34,063	13,477	47,540	120,174
Payroll taxes	1,077	-	4,728	5,805	2,722	1,077	3,799	9,604
Grants to agencies	-	-	27,000	27,000	-	-	-	27,000
Day of caring	-	-	786	786	-	-	-	786
Professional fees	2,680	-	11,760	14,440	6,772	2,680	9,452	23,892
Office rent	3,608	-	15,834	19,442	9,117	3,608	12,725	32,167
Telephone and Internet	407	-	1,784	2,191	1,027	407	1,434	3,625
Office supplies	475	-	2,083	2,558	1,200	474	1,674	4,232
Printing	3,742	-	-	3,742	-	3,742	3,742	7,484
Postage	138	-	605	743	348	138	486	1,229
Advertising	6,630	-	13,853	20,483	7,977	6,630	14,607	35,090
Dues and subscriptions	362	-	1,589	1,951	915	362	1,277	3,228
Community relations	214	-	939	1,153	541	214	755	1,908
Fees and licenses	18	-	79	97	45	18	63	160
Bank fees	230	-	1,006	1,236	579	230	809	2,045
Insurance	542	-	2,376	2,918	1,368	541	1,909	4,827
Events and meetings	1,518	-	6,661	8,179	3,835	1,517	5,352	13,531
Equipment repair and maintenance	154	-	674	828	388	154	542	1,370
Training and development	454	-	1,992	2,446	1,147	453	1,600	4,046
SE travel	78	-	340	418	196	77	273	691
Technology operations	765	322	3,355	4,442	1,933	764	2,697	7,139
Depreciation	-	-	-	-	1,064	-	1,064	1,064
Total expenses	\$ 36,566	322	156,604	193,492	75,237	36,563	111,800	305,292

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Cash Flows

Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (95,290)	(12,504)
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
Depreciation	1,064	1,064
(Increase) decrease in:		
Pledges receivable	39,917	(26,673)
Accrued interest	(122)	(592)
Other receivable	(19)	(25)
Prepaid expenses	3,984	(6,234)
(Increase) decrease in:		
Accounts payable	436	(111)
Designations payable	78,336	3,052
Accrued payroll	6,920	4,368
Deferred revenue	(5,000)	3,178
Net cash provided (used) by operating activities	<u>30,226</u>	<u>(34,477)</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	<u>(592)</u>	<u>(29,999)</u>
Increase (decrease) in cash and cash equivalents	29,634	(64,476)
Cash and cash equivalents at beginning of year	<u>137,357</u>	<u>201,833</u>
Cash and cash equivalents at end of year	\$ <u>166,991</u>	<u>137,357</u>
Supplemental disclosures:		
Noncash transactions - In-kind contributions	\$ <u>9,589</u>	<u>40,498</u>

See accompanying notes to financial statements.

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UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

August 31, 2013 and 2012

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **General Organization and Purpose**

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through three different fundraising campaigns: the private campaign, SHARE (State of Alaska) Campaign, and the Combined Federal Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives, and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

B. **Basis of Accounting**

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

C. **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, UWSEAK is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent the portion of net assets of UWSEAK that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represents the portion of net assets of UWSEAK whose use is limited by the donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of UWSEAK. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

Permanently restricted net assets represent the portion of net assets from contributions and grants whose use by UWSEAK is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWSEAK.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

E. Certificates of Deposit

UWSEAK classifies certificates of deposit with a maturity of greater than three months from year end as certificates of deposit.

F. Promises to Give and Donor Designations

Contributions from campaigns are recorded as revenue when United Way is notified in writing of an unconditional pledge. Donor designations are recognized as a receivable and a payable at the time the pledge is made to United Way and are not included in net campaign results.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

G. Prepaid Expenses

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid expenses.

H. Equipment

Purchased equipment and software are recorded at cost and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$5,000 are capitalized.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

I. Designations Payable

Designations payable are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions.

SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Designations payable consist of current year end amounts due from the Fall 2012 and 2011 campaign pledges.

J. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

K. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2013 and 2012 advertising costs were \$17,546 and \$35,090, respectively.

L. Income Tax Status

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's policy is to report interest and penalties associated with uncertain tax positions as interest expense and other expense respectively. Management is not aware of any uncertain tax positions that would require financial statement recognition or disclosure. With few exceptions, the Organization is not subject to audit of its tax returns prior to 2010.

M. Budgets

Budgets are adopted for operations annually and are revised as necessary throughout the year.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

N. 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, 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 those estimates.

O. Fair Value of Financial Instruments

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

The Organization discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) certificates of deposit, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

P. Donated Goods and Services

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

II. CASH AND CASH EQUIVALENTS

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2013 and 2012, UWSEAK had no uninsured and uncollateralized deposits.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

III. PLEDGES RECEIVABLE

The pledge receivable balance consist of pledges made during the Fall 2012 and 2011 campaigns, less any amounts received from those campaigns prior to August 31, 2013 and 2012, respectively. The amounts due for each campaign are as follows:

	<u>2013</u>	<u>2012</u>
Private Campaign	\$ 38,872	85,723
SHARE Campaign	39,068	40,296
Combined Federal Campaign	<u>33,632</u>	<u>25,470</u>
Total pledges receivable	\$ <u>111,572</u>	<u>151,489</u>

IV. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions at August 31, 2013 and 2012, respectively, as follows:

	<u>2013</u>	<u>2012</u>
Events	\$ 4,530	9,535
Office support	471	-
Advertising	4,228	28,141
Professional services	<u>360</u>	<u>2,822</u>
	\$ <u>9,589</u>	<u>40,498</u>

All in-kind contributions were used to support program services of UWSEAK.

V. EQUIPMENT

Equipment at August 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 7,985	7,985
Less: accumulated depreciation	<u>(6,358)</u>	<u>(5,294)</u>
Net equipment	\$ <u>1,627</u>	<u>2,691</u>

Depreciation expense for fiscal years 2013 and 2012 was \$1,064 and \$1,064, respectively.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

VI. DESIGNATIONS PAYABLE

The designations payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution of the previous fall pledges received. These previous fall campaign pledges are payable after August 31, 2013 and 2012, respectively. At August 31, 2013 and 2012, the designations payable balances are as follows:

	<u>2013</u>	<u>2012</u>
Private Campaign	\$ 29,270	21,769
SHARE Campaign	78,720	33,885
CFC	<u>47,764</u>	<u>21,764</u>
Total agency	\$ <u>155,754</u>	<u>77,418</u>

VII. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors or contractors. During the years ended August 31, 2013 and 2012, UWSEAK incurred expenses related to the following grants and contributions as required by the donor or grantor:

	<u>2013</u>	<u>2012</u>
Literacy program	\$ 5,805	10,322
Disabilities awareness training	<u>3,544</u>	<u>-</u>
Total	\$ <u>9,349</u>	<u>10,322</u>

VII. RECLASSIFICATIONS

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

VII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2014, the date which the financial statements were available for issue. No events were identified that would require disclosure in accordance with generally accepted accounting principles.