

UNITED WAY OF THE TANANA VALLEY

Financial Statements
(With Independent Auditor's Report Thereon)

Years Ended June 30, 2014 and 2013

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Independent Auditor's Report

Members of the Board of Directors
United Way of the Tanana Valley
Fairbanks, Alaska

Report on Financial Statements

We have audited the accompanying financial statements of United Way of the Tanana Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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

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.

Members of the Board of Directors
United Way of the Tanana Valley

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 the Tanana Valley as of June 30, 2014, 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.

Report on Comparative Information

The prior year comparative information has been derived from the United Way of the Tanana Valley's 2013 financial statements which were audited by other auditors. In their report dated June 16, 2014, they expressed an unqualified opinion on those financial statements.

Altman, Rogers & Co.

Anchorage, Alaska
April 24, 2015

UNITED WAY OF THE TANANA VALLEY, INC.
 Statements of Financial Position
 June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 512,705	623,973
Certificates of deposit	245,788	245,788
Pledges receivable, net of allowance	387,935	510,782
Other receivables	-	262
Prepaid expenses	1,563	2,647
Total current assets	<u>1,147,991</u>	<u>1,383,452</u>
Property and equipment, net of accumulated depreciation	<u>8,896</u>	<u>12,037</u>
Total assets	<u>\$ 1,156,887</u>	<u>1,395,489</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 102,721	90,021
Member agency payable	620,000	700,000
Donor designations payable	182,157	303,919
Grantor payable	23,199	24,376
Deferred campaign support	13,254	-
Total current liabilities	<u>941,331</u>	<u>1,118,316</u>
Net assets:		
Unrestricted:		
Designated for COMPASS program	-	38,479
Designated for current operations	170,000	173,686
Undesignated	45,556	65,008
Total unrestricted	<u>215,556</u>	<u>277,173</u>
Total liabilities and net assets	<u>\$ 1,156,887</u>	<u>1,395,489</u>

See accompanying notes to financial statements.

UNITED WAY OF THE TANANA VALLEY, INC.
 Statements of Activities
 Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Public support and revenues:		
Gross campaign results	\$ 1,297,864	1,408,058
Less donor designations	(458,519)	(501,476)
Less uncollectible pledges	(18,843)	(18,820)
Net campaign results	<u>820,502</u>	<u>887,762</u>
Transfer fees	48,871	62,127
Midnight Sun Run Proceeds	-	37,700
In-kind contribution	-	14,487
Business sponsorships	600	2,500
Interest income	751	1,176
Miscellaneous campaign support	41,052	5,795
Gaming revenue	30,500	1,250
Other revenue	1,908	22,153
Total revenues, gains, and other support	<u>944,184</u>	<u>1,034,950</u>
Expenses:		
Program services	722,055	1,014,777
Supporting services:		
Management and general	207,174	223,032
Fund-raising	76,572	84,462
Total expenses	<u>1,005,801</u>	<u>1,322,271</u>
Change in net assets	(61,617)	(287,321)
Net assets at beginning of year	<u>277,173</u>	<u>564,494</u>
Net assets at end of year	<u>\$ 215,556</u>	<u>277,173</u>

See accompanying notes to financial statements.

UNITED WAY OF THE TANANA VALLEY, INC.
Statement of Functional Expenses
Year ended June 30, 2014

	Program Services	Supporting Services			Total
		General and Administration	Fund- raising	Total Supporting Services	
Employee compensation:					
Salaries	\$ 30,084	83,377	42,088	125,465	155,549
Payroll taxes	2,306	6,547	3,205	9,752	12,058
Employee benefits	620	1,701	799	2,500	3,120
Total salaries and benefits	<u>33,010</u>	<u>91,625</u>	<u>46,092</u>	<u>137,717</u>	<u>170,727</u>
Professional fees	6,857	40,238	8,649	48,887	55,744
Occupancy	2,029	12,883	2,878	15,761	17,790
Office expenses	63	3,454	9,152	12,606	12,669
Membership dues	125	15,893	1,046	16,939	17,064
Equipment rental	543	3,445	731	4,176	4,719
Depreciation	401	2,199	541	2,740	3,141
Insurance	-	1,948	-	1,948	1,948
Advertising	168	3,762	1,152	4,914	5,082
Travel	-	13,002	625	13,627	13,627
Printing	-	398	4,961	5,359	5,359
Other	-	16,656	-	16,656	16,656
Conferences and meetings	25	1,229	132	1,361	1,386
Recognition items	-	195	347	542	542
Gaming distributions	30,828	-	-	-	30,828
Postage and shipping	81	247	266	513	594
Expenses before board-directed community investment allocations	<u>41,120</u>	<u>115,549</u>	<u>30,480</u>	<u>146,029</u>	<u>187,149</u>
Board-directed community investment allocations	<u>647,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,925</u>
Total program and supporting services	<u>\$ 722,055</u>	<u>207,174</u>	<u>76,572</u>	<u>283,746</u>	<u>1,005,801</u>

See accompanying notes to financial statements.

UNITED WAY OF THE TANANA VALLEY, INC.

Statement of Functional Expenses

Year ended June 30, 2013

	Program Services	Supporting Services			Total
		General and Administration	Fund- raising	Total Supporting Services	
Employee compensation:					
Salaries	\$ 26,144	72,457	36,576	109,033	135,177
Payroll taxes	2,403	6,821	3,339	10,160	12,563
Employee benefits	1,339	3,674	1,725	5,399	6,738
Total salaries and benefits	<u>29,886</u>	<u>82,952</u>	<u>41,640</u>	<u>124,592</u>	<u>154,478</u>
Professional fees	13,632	79,990	17,194	97,184	110,816
Occupancy	2,315	14,697	3,283	17,980	20,295
Office expenses	100	5,502	14,580	20,082	20,182
Membership dues	124	15,796	1,040	16,836	16,960
Equipment rental	690	4,381	930	5,311	6,001
Communications	687	4,362	926	5,288	5,975
Depreciation	444	2,817	598	3,415	3,859
Insurance	-	3,660	-	3,660	3,660
Advertising	118	2,640	808	3,448	3,566
Travel	-	3,080	148	3,228	3,228
Printing	-	200	2,495	2,695	2,695
Other	-	1,474	-	1,474	1,474
Conferences and meetings	20	980	105	1,085	1,105
Recognition items	-	247	441	688	688
Postage and shipping	83	254	274	528	611
Maintenance	306	-	-	-	306
Expenses before board-directed community investment allocations	<u>18,519</u>	<u>140,080</u>	<u>42,822</u>	<u>182,902</u>	<u>201,421</u>
Board-directed community investment allocations	<u>966,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966,372</u>
Total program and supporting services	<u>\$ 1,014,777</u>	<u>223,032</u>	<u>84,462</u>	<u>307,494</u>	<u>1,322,271</u>

See accompanying notes to financial statements.

UNITED WAY OF THE TANANA VALLEY, INC.
 Statements of Cash Flows
 Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from contributions	1,370,308	1,285,644
Cash received from other activities	45,075	135,133
Cash paid to participating agencies	(758,753)	(437,182)
Donor designations paid	(458,519)	(692,041)
Cash paid to employees and suppliers	(310,130)	(275,102)
Cash received from interest	751	1,176
Net cash provided by (used in) operating activities	(111,268)	17,628
Cash flows from investing activities:		
Purchases of certificates of deposit	(155,788)	(75,788)
Proceeds from matured certificates of deposit	155,788	75,788
Purchase of property and equipment	-	29,228
Net cash (provided by) investing activities	-	29,228
Increase (decrease) in cash and cash equivalents	(111,268)	12,757
Cash and cash equivalents at beginning of year	623,973	611,216
Cash and cash equivalents at end of year	\$ 512,705	623,973
Reconciliation of change in net assets to cash provided by operating activities:		
(Decrease) in net assets	\$ (61,617)	(287,321)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,141	3,859
(Increase) decrease in assets:		
Pledges receivable	122,847	(86,957)
Other receivables	269	3,607
Prepaid expenses	1,077	(519)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	12,700	64,893
Deferred campaign support	13,254	(16,637)
Member agency payable	(80,000)	443,814
Grantor payable	(1,177)	(1,923)
Donor designations payable	(121,762)	(105,188)
Net cash provided by (used in) operating activities	\$ (111,268)	17,628
Supplemental cash flow disclosures:		
Non-cash in-kind expenses/donations	\$ -	14,487
Interest paid during the year	\$ 2,229	2,466

See accompanying notes to financial statements.

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

(1) Nature of Operations

United Way of the Tanana Valley, Inc. (United Way) is a nonprofit voluntary health and welfare organization. United Way receives pledges from individuals and business in the Tanana Valley area for the benefit of its member agencies and other designated agencies. United Way provides community service through the Community Development and Volunteer Action Center. Community Development is a program through the United Way of the Tanana Valley that provides resources to member agencies and other local nonprofit organizations and services that involve community building. Volunteer Action Center is a service of United Way that promotes volunteerism and the recognition of volunteers. The Center also provides training, recruitment and referral services, technical assistance and facilitation.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, support, and expenses during the reporting period. Actual results could differ from those estimates.

(b) Basis of Presentation

The accompanying financial statements of United Way are presented on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses of United Way are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are reported as follows:

Unrestricted net assets represent the part of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. All restricted resources are recorded as restricted when received and as released from restriction when spent, including when spent within the same year.

The United Way's board of directors designates a portion of unrestricted net assets as an operational reserve. The balance in unrestricted: designated for current operations net assets is \$170,000 and \$173,686 as of June 30, 2014 and 2013, respectively. The board of directors also designates a portion of unrestricted net assets for the COMPASS program, which funds priority community needs. The balance in unrestricted: designated for COMPASS program is \$0 and \$38,479 as of June 30, 2014 and 2013, respectively.

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

Temporarily restricted net assets represent the part of net assets whose use is limited by funder-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of United Way. 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 has no temporarily restricted net assets at June 30, 2014 and 2013.

Permanently restricted net assets represent the part of net assets from contributions and grants whose use by United Way is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned on any related investments for general or specific purposes. United Way has no permanently restricted net assets at June 30, 2014 and 2013.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in checking and savings accounts, money market mutual funds, and all short-term highly liquid debt instruments purchased with an original maturity of three months or less. Certificate of Deposits with maturities in excess of three months at the time of purchase are not considered cash equivalent.

United Way maintains its cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insurance coverage at June 30, 2014 and 2013 was \$250,000 per financial institution. As of June 30, United Way has uninsured cash of \$77,364 for 2014 and \$187,295 for 2013. Management believes that credit risk related to these deposits is minimal.

(d) 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. Fair values are based on quoted market prices when available.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable and (5) 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. The carrying amount of notes payable approximates fair value for those financial instruments since fixed interest rates approximates current market rates for notes with those similar maturities and credit quality.

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

(e) Property and Equipment

Property and equipment are recorded at cost. United Way capitalizes all equipment and buildings with a cost or basis in excess of \$1,000. Depreciation is computed using the straight-line method over an estimated useful life of five years.

(f) Donated Goods and Services

United Way receives services from a variety of individuals who volunteer their time to help the organization.

Donations of property and equipment meeting the recognition criteria are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

(g) 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.

(h) Provision for Uncollectible Promises to Give

Campaign pledges less the allowance for uncollectible pledges are expected to be received within one year. The provision for uncollectible promises to give is an estimate based on management's evaluation of the collectability of existing promises to give. The provision is based on the prior campaign collection experience. Pledges are deemed uncollectible if they have not been received by March 31 of the year following the year of distribution.

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

(i) **Income Taxes**

United Way is a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. In addition, United Way qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is included in the financial statements. United Way's has not recorded any tax liabilities or related accruals for interest and penalties for uncertain income tax positions. United Way's policy is to report interest and penalties associated with uncertain tax positions as income tax expense. As of June 30, 2014 and 2013 there were no uncertain tax positions, or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. With few exceptions, United Way is no longer subject to examinations by the federal and state authorities for the years before 2011.

(j) **Functional Allocation of Expenses**

United Way allocates total costs to fund-raising, general and administrative and the Community Development. This allocation is based on estimates made by United Way's management.

(k) **Subsequent Events**

In connection with the preparation of the financial statements, United Way evaluated subsequent events after the statement of financial position date of June 30, 2014 through April 24, 2015, which was the date the financial statements were available to be issued.

(3) **Certificates of Deposit**

A summary of certificates of deposits at June 30 follows:

<u>Institution</u>	<u>Maturity</u>	<u>2014</u>	
		<u>Balance</u>	<u>Interest Rate</u>
As of June 30, 2014			
Wells Fargo Bank, N.A.	1/17/2014	\$ 80,000	0.05%
First National Bank	2/22/2015	75,788	0.14%
Denali State Bank	10/3/2014	50,000	0.25%
Spirit of Alaska Federal Credit Union	7/12/2014	40,000	0.40%
		<u>\$ 245,788</u>	
		<u>2013</u>	
<u>Institution</u>	<u>Maturity</u>	<u>Balance</u>	<u>Interest Rate</u>
As of June 30, 2013			
Wells Fargo Bank, N.A.	7/17/2013	\$ 80,000	0.05%
First National Bank	2/22/2014	75,788	0.25%
Denali State Bank	10/3/2013	50,000	0.30%
Spirit of Alaska Federal Credit Union	7/12/2013	40,000	0.60%
		<u>\$ 245,788</u>	

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

(4) Campaign Receivables

A summary of campaign receivables at June 30 follows:

	2014	2013
Pledges receivable - gross	\$ 482,459	596,159
Allowance for uncollectible pledges - gross		
Pledges receivable, net of allowance	(94,524)	(85,377)
	\$ 387,935	510,782

(5) Other Receivables

A summary of other receivables at June 30 follows:

	2014	2013
Interest receivable	\$ -	262

(6) Property and Equipment

A summary of property and equipment at June 30 follows:

	2014	2013
Property and equipment	\$ 34,099	34,099
Office equipment	(25,203)	(22,062)
Accumulated depreciation	\$ 8,896	12,037

Depreciation expense for the years ended June 30, 2014 and 2013 was \$3,141 and \$3,859, respectively.

(7) Donor Designation Payable

A summary of donor designations payable at June 30 follows:

	2014	2013
2013-14 Campaign donor designations payable	\$ 182,157	-
2012-13 Campaign donor designations payable	-	261,390
2011-12 Campaign donor designations payable	-	42,529
	\$ 182,157	303,919

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

(8) In-Kind Donations

A summary of in-kind donations at June 30 follows:

	<u>2014</u>	<u>2013</u>
Professional services and discounts	\$ <u>-</u>	<u>14,487</u>

(9) Reclassification of Beginning Temporarily Restricted Net Assets

Management has determined that the gross campaign results, donor designations, and uncollectible pledges as of June 30, 2013 should have been classified as unrestricted net assets rather than temporarily restricted net assets, as there is no donor or time restriction on the gross campaign pledges. As a result, management has reclassified the balances in unrestricted net assets and temporarily restricted net assets as of June 30, 2013.

Net assets (as originally stated, June 30, 2013):

Unrestricted:

Undesignated	\$ (156,399)
COMPASS reserve	38,479
Operational reserve	<u>173,686</u>
Total unrestricted	<u>55,766</u>
Temporarily restricted	<u>221,407</u>
Total net assets	\$ <u>277,173</u>

Net assets (as restated, June 30, 2013):

Unrestricted:

Undesignated	\$ 65,008
COMPASS reserve	38,479
Operational reserve	<u>173,686</u>
Total net assets	\$ <u>277,173</u>

(10) Operating Lease

United Way leases office space from Mulka Inc. The term of the lease is month to month. Monthly lease payments were \$1,400 per month for both 2014 and 2013.

(11) Contingencies

Amounts received or receivable from grantors are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of United Way. However, management believes that such claims, if any, would not be significant.

UNITED WAY OF THE TANANA VALLEY, INC.

Notes to Financial Statements, Continued

(12) Simplified Employee Pension (SEP) Plan

In 1989, United Way established a SEP Plan. United Way agrees to provide for discretionary contributions in each calendar year to Individual Retirement Accounts for all eligible employees who are at least 21 years old and have performed services for United Way at least one year of the immediately preceding five years. Contributions are made at a specified percentage of each eligible employee's salary, with percentages set at the Board's discretion up to a maximum of 15 percent. For the year ended June 30, 2013, United Way contributed 8.5% of eligible employee's salaries. During the year ended June 30, 2014, no employee was eligible for SEP contributions. Contributions were \$0 and \$6,738 for the years ended June 30, 2014 and 2013, respectively.

(13) Reclassifications

Certain amounts in the year ended June 30, 2013 have been reclassified to conform to the year ended June 30, 2014 presentation.