

SHIAWASSEE UNITED WAY
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

CONTENTS

	<u>Page</u>
Independent auditor's report.....	1
Financial statements	
Statements of financial position.....	2
Statement of activities and changes in net assets.....	3
Statement of functional expenses.....	4
Statement of cash flows.....	5
Notes to financial statements.....	6-9



Vogl & Meder, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

215 EAST MASON STREET
P.O. BOX 37
OWOSSO, MICHIGAN 48867-0037

PHONE: (989) 723-8171 • FAX: (989) 723-2561 • Website: voglmedercpa.com

ROBERT J. VOGL, C.P.A.

RANDY MEDER, C.P.A.

INDEPENDENT AUDITOR'S REPORT

May 3, 2013

To the Board of Directors
Shiawassee United Way
Owosso, Michigan

We have audited the accompanying statements of financial position of the Shiawassee United Way as of December 31, 2012, and the related statement of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Shiawassee United Way's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative has been derived from the Shiawassee United Way's 2011 financial statements, and in a report dated June 12, 2012 by another auditor received an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shiawassee United Way as of December 31, 2012 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**SHIAWASSEE UNTIED WAY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 117,896	\$ 87,877
Certificates of deposit	104,500	102,640
Accounts receivable - fiduciary	273	
Pledges receivable (less allowance for uncollectible pledges of \$24,000)	169,507	172,183
Prepaid expenses	<u>83</u>	<u>403</u>
TOTAL CURRENT ASSETS	392,259	363,103
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>1,077</u>	<u>1,597</u>
TOTAL ASSETS	<u>\$ 393,336</u>	<u>\$ 364,700</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 19,848	\$ 19,381
Accrued payroll and related	5,932	6,919
Designations to other agencies	13,348	17,722
Funds held on behalf of others	<u>26,510</u>	<u>6,743</u>
TOTAL CURRENT LIABILITIES	65,638	50,765
NET ASSETS:		
Unrestricted		
Undesignated	119,817	96,369
Temporarily restricted	<u>207,881</u>	<u>217,566</u>
TOTAL NET ASSETS	<u>327,698</u>	<u>313,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 393,336</u>	<u>\$ 364,700</u>

SHIAWASSEE UNITED WAY
STATEMENTS OF ACTIVITIES AND CHANGE IN NETS ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	2012			2011
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
SUPPORT:				
Pledges	\$ -	\$ 207,881	\$ 207,881	\$ 216,465
Special events	9,940		9,940	9,891
Gifts in kind	39,468		39,468	32,559
Special gifts	5,666		5,666	200
Other income	5,705		5,705	7,853
Grants and contributions	7,666		7,666	12,086
Investment income	1,956		1,956	1,944
Net assets from restrictions	217,566	(217,566)	-	
TOTAL REVENUE	287,967	(9,685)	278,282	280,998
EXPENSES:				
Agency allocations	40,000		40,000	44,000
Program services	165,489		165,489	136,535
Fund raising	10,377		10,377	17,872
Management and general	30,777		30,777	27,529
Uncollectible pledges	17,876		17,876	26,126
TOTAL EXPENSES	264,519		264,519	252,062
CHANGE IN NET ASSETS	23,448	(9,685)	13,763	28,936
NET ASSETS, beginning of year	96,369	217,566	313,935	284,999
NET ASSETS, end of year	\$ 119,817	\$ 207,881	\$ 327,698	\$ 313,935

**SHIAWASSEE UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)**

	2012			2011	
	PROGRAM SERVICES	FUND RAISING	MANAGEMENT & GENERAL	TOTAL	TOTAL
Salaries	\$ 50,295	\$ 2,899	\$ 13,778	\$ 66,972	\$ 68,898
Payroll taxes	4,812	277	1,318	6,407	6,691
Benefits	776	44	213	1,033	1,092
TOTAL SALARIES AND RELATED EXPENSES	55,883	3,220	15,309	74,412	76,681
EXPENSES:					
Direct services	24,177			24,177	4,687
Office expense/supplies	5,571	1,827	854	8,252	7,123
Postage	440	389	560	1,389	1,554
Publicity/campaign expense	1,761	91	2,374	4,226	3,127
Repairs and maintenance	1,428	83	391	1,902	1,950
Contributions	37,990	25	121	38,136	32,065
Equipment/building rental	3,895	225	1,067	5,187	4,021
Insurance	1,059	61	290	1,410	2,354
Utilities	5,011	289	1,373	6,673	6,563
Training and education	1,283	71	337	1,691	1,550
Professional fees	18,909	946	4,495	24,350	22,400
Dues and memberships	3,295	190	903	4,388	3,977
Miscellaneous	13	1	3	17	4,044
Meetings and travel	2,360	150	612	3,122	2,690
Printing	2,414	2,809	1,568	6,791	6,437
TOTAL EXPENSES BEFORE ALLOCATIONS DEPRECIATION AND ALLOWANCES	165,489	10,377	30,257	206,123	181,223
Allocations	40,000			40,000	44,000
TOTAL EXPENSES BEFORE DEPRECIATION AND ALLOWANCES	205,489	10,377	30,257	246,123	225,223
Depreciation			520	520	713
Uncollectible pledge expense	13,517	758	3,601	17,876	26,126
TOTAL EXPENSES	\$ 219,006	\$ 11,135	\$ 34,378	\$ 264,519	\$ 252,062

**SHIAWASSEE UNITED WAY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Change in net assets	\$ 13,763	\$ 28,936
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	520	713
Pledges receivable	2,676	2,218
Accounts receivable	(273)	22
Prepaid expense	320	(116)
Accounts payable	467	2,929
Accrued payroll	(987)	302
Designations to other agencies	(4,374)	1,858
Funds held on behalf of others	19,767	2,074
	<u>18,116</u>	<u>10,000</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>31,879</u>	<u>38,936</u>
Cash flows from investing activities:		
Purchase of property and equipment		(1,565)
		<u>(1,565)</u>
Net cash used in investing activities		<u>(1,565)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,879	37,371
CASH AND CASH EQUIVALENTS, beginning of year	<u>190,517</u>	<u>153,146</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 222,396</u>	<u>\$ 190,517</u>

See notes to financial statements.

SHIAWASSEE UNITED WAY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation -The financial statements of the Shiawassee United Way. (the Organization) have been prepared on the accrual basis. Revenues are recognized when earned and expenses are recorded when incurred. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted activity or net assets.

Comparative financial statements - The financial statements include certain prior year summarized comparative in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity is accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the information was derived.

Cash and cash equivalents - The Organization considers short-term highly liquid investments (certificates of deposit) with initial maturities of 60 months or less as cash equivalents. Certificates of deposit are valued at their fair value at year end.

Contributions – All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received , the contribution is reported as unrestricted.

Promises to give – Pledges from individuals and businesses in Shiawassee County comprise most of the donations received by the Shiawassee United Way. Pledges are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence of any donor restrictions.

Uncollectible pledges – The organization uses the allowance method to determine uncollectible pledges. The allowance is based on prior years' experience and management's analysis of specific promised pledges.

Property and equipment - Property and equipment is recorded at cost, or if donated, at the fair value at the time of the donation. Such donations are recorded as unrestricted unless the donated asset has been restricted by the donor to a specific program. Depreciation is computed over the estimated useful life of the assets using the straight-line method. The Organization capitalizes assets with a cost greater than \$1,000.

Promotion and advertising - Advertising costs are charged to operations in the period incurred.

Functional allocation of expenses - Certain costs have been allocated among program services, fundraising, and general management based upon time and floor studies.

Subsequent events – These financial statements considered events through May 3, 2013, the date the financial statements were available to be reviewed.

**SHIAWASSEE UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

Organization - The Shiawassee United Way is incorporated in the State of Michigan as a not-for-profit corporation. The mission of the Organization is to unite people and other resources to improve and strengthen the quality of life for all people in Shiawassee County. The Organization has been granted tax exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal income taxes other than those arising from unrelated business income.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. The organization operates within the general geographic region and is subject to applicable concentration risk.

NOTE 3 – PLEDGES RECEIVABLE

All pledges receivable are due within one year. Pledges receivable representing unconditional promises to give at December 31, 2012 by campaign year are as follows:

2011 Campaign	\$ 36,071
2012 Campaign	<u>157,436</u>
Pledges receivable	193,507
Allowance for uncollectible pledges	<u>(24,000)</u>
Net pledges receivable	<u><u>\$ 169,507</u></u>

Certain pledges are estimated based upon available information. When the actual amounts received differ from the estimated amount the difference is reflected in current year revenues.

For the year ended December 31, 2012 uncollectible pledge expense amounted to \$17,876.

NOTE 4 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2012 consist of the following:

Office and computer equipment	\$ 10,390
Less accumulated depreciation	<u>(9,313)</u>
Net property and equipment	<u><u>\$ 1,077</u></u>

Depreciation expense for the year ended December 31, 2012 was \$520.

SHIAWASSEE UNITED WAY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2012 are available for the following purposes:

Time restrictions	
Campaign pledges received for future periods	<u>207,881</u>
	<u><u>\$ 207,881</u></u>

NOTE 6 – ALLOCATIONS TO AGENCIES AND AFFILIATES

It is the Organization’s practice to pay annual allocations on a July 1st to June 30th operating cycle based on actual collections of pledges. Allocations distributed or to be distributed to various agencies supported by the Shiawassee United Way are follows for the year ended December 31, 2012:

ARC Shiawassee	\$ 2,000
Girl Scouts Heart of Michigan	2,000
Safe Center	12,389
Redeemer Lutheran Medical Clinic	4,000
Morrice Schools Summer Enrichment	2,000
Shiawassee Area Transportation Authority	2,000
Shiawassee Family YMCA	7,566
Shiawassee County Great Start Collaborative	3,434
Shiawassee County Veteran's Affairs	2,000
Memorial Healthcare	<u>2,611</u>
	<u><u>\$ 40,000</u></u>

NOTE 7 – DESIGNATIONS TO OTHER AGENCIES

The Organization receives pledges which are designated to other non-profit organizations who are not affiliates of the Shiawassee United Way. The balance of these designations was \$13,348 at December 31, 2012.

SHIAWASSEE UNITED WAY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – PROGRAMS

Shiawassee Hunger Network

Shiawassee United Way (SUW) serves as administrator for the Shiawassee Hunger Network. This is an alliance of 13 independently run food and/or personal needs pantries located throughout Shiawassee County. SUW provides clerical, management, and fundraising support for the alliance. In 2012, the Shiawassee Hunger Network Pantries distributed 204,091 complete meals to 38,295 persons. In addition, there were 14,500 personal needs items distributed by alliance pantries to people in need.

Shiawassee United Way Food Pantry

Shiawassee United Way helps address the nutritional need of Shiawassee County residents by distributing food, personal care items, and pet food from the SUW office. In 2012, the SUW Food Pantry distributed 21,798 complete meals to 2,422 community members. SUW also partnered with the Humane Society to help distribute several hundred pounds of pet food.

A Community Leader in Addressing Poverty

Allocations totaling \$40,000 were distributed to 10 area agencies for 15 different programs that address root causes of poverty in the areas of income, health, education, and basic needs.

2-1-1

Shiawassee United Way serves as the lead funding agency and administrative contact point for 2-1-1 in Shiawassee County. 2-1-1 is a toll-free phone number that connects callers with a wealth of information regarding Human Services. In times of community disaster, the 2-1-1 phone number has been used to get information to the public regarding such things as evacuation routes, shelter locations, clean water locations, etc. In 2012, there were 1,675 calls placed to 2-1-1 from people in Shiawassee County. The largest number of requests was for information regarding utility, food, or rent assistance.

Aiding Other Non-Profit Agencies in Shiawassee County

Shiawassee United Way offers office space free of charge to other non-profit agencies that serve multi-county areas including Shiawassee County. This has resulted in a substantial increase in the number of people served by the organizations that utilize this opportunity.