

UNITED WAY OF ST. CLAIR COUNTY
Port Huron, Michigan

ANNUAL FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
MARCH 31, 2014

**Stewart,
Beauvais
& Whipple P.C.**

CERTIFIED PUBLIC ACCOUNTANTS



UNITED WAY OF ST. CLAIR COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of St. Clair County
Port Huron, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of St. Clair County (a non-profit organization) which comprise the statement of financial position as of March 31, 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 of 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 financial position of the United Way of St. Clair County as of March 31, 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 Summarized Comparative Information

We have previously audited the United Way of St. Clair County's March 31, 2013 financial statements, and our report dated June 12, 2013 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents and presented on pages 16-17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

June 11, 2014

FINANCIAL STATEMENTS

UNITED WAY OF ST. CLAIR COUNTY

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2014

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	<u>General</u>	<u>Cancer Services</u>	<u>Disabled/ Crippled Children</u>	<u>Dental Services</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 611,428	\$ 3,026	\$ 10,350	\$ 122,339
Investments	1,344,743	27,918	30,443	-
Pledges receivable (net of allowance for uncollectible pledges)				
Pledges from 2013/2014 campaign	688,989	-	-	-
Pledges from 2012/2013 campaign	-	-	-	-
Beneficial interest in trust	-	-	-	-
Interest receivable	1,116	27	29	-
Other receivable	23,147	-	-	-
Prepaid expenses	10,567	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	2,679,990	30,971	40,822	122,339
Land, Building and Equipment:				
Net of Accumulated Depreciation	858,597	-	-	-
Other Assets:				
Beneficial interest in assets held by others	31,551	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,570,138</u>	<u>\$ 30,971</u>	<u>\$ 40,822</u>	<u>\$ 122,339</u>
 LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 6,201	\$ -	\$ -	\$ -
Accrued wages and taxes	1,214	-	-	-
Donor designations payable	232,596	-	-	-
Accrued liability for vacations	12,138	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	252,149	-	-	-
 NET ASSETS:				
Unrestricted -				
Land, Building and Equipment	858,597	-	-	-
Other (See Note 9)	1,404,038	-	-	-
Total Unrestricted Net Assets	<hr/>	<hr/>	<hr/>	<hr/>
Temporarily Restricted	1,055,354	30,971	40,822	122,339
Total Net Assets	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 3,570,138</u>	<u>\$ 30,971</u>	<u>\$ 40,822</u>	<u>\$ 122,339</u>

The accompanying notes are an integral part of the financial statements.

Emergency Needs/Ramps	Merges Substance Abuse Treatment	Total All Funds	
		2014	2013
\$ 54,044	\$ 242,860	\$ 1,044,047	\$ 874,647
-	-	1,403,104	1,385,320
-	-	688,989	-
-	-	-	674,092
-	-	-	221,000
-	-	1,172	3,141
-	-	23,147	12,848
-	-	10,567	7,083
54,044	242,860	3,171,026	3,178,131
-	-	858,597	874,543
-	-	31,551	29,866
<u>\$ 54,044</u>	<u>\$ 242,860</u>	<u>\$ 4,061,174</u>	<u>\$ 4,082,540</u>
\$ -	\$ -	\$ 6,201	\$ 4,442
-	-	1,214	60
-	-	232,596	155,142
-	-	12,138	13,117
-	-	252,149	172,761
-	-	858,597	874,543
-	-	1,404,038	1,491,110
54,044	242,860	2,262,635	2,365,653
54,044	242,860	1,546,390	1,544,126
54,044	242,860	3,809,025	3,909,779
<u>\$ 54,044</u>	<u>\$ 242,860</u>	<u>\$ 4,061,174</u>	<u>\$ 4,082,540</u>

UNITED WAY OF ST. CLAIR COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2014

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	Unrestricted	Temporarily Restricted	Total All Funds	
			2014	2013
Revenues, Gains and Other Support:				
Campaign applicable to current period:				
Contributions received - current period	\$ 15,880	\$ -	\$ 15,880	\$ 62,808
Contributions released from time restrictions	1,219,263	(1,219,263)	-	-
Less: donor designations	(155,142)	155,142	-	-
Total campaign for current period	<u>1,080,001</u>	<u>(1,064,121)</u>	<u>15,880</u>	<u>62,808</u>
Campaign applicable to next period:				
Contributions received and receivable - next allocation period	-	1,379,646	1,379,646	1,290,158
Less: donor designations	-	(232,596)	(232,596)	(155,142)
Less: allowance for uncollectible pledges	-	(52,930)	(52,930)	(70,895)
Total campaign for next allocation period	<u>-</u>	<u>1,094,120</u>	<u>1,094,120</u>	<u>1,064,121</u>
Total Campaign	1,080,001	29,999	1,110,000	1,126,929
Contributions-				
Trust benefits	-	-	-	221,000
Other	11,694	95,874	107,568	146,724
Non-cash	-	4,881	4,881	6,511
Net investment income	9,601	496	10,097	11,111
Sponsorship of campaign events/ supplies and expense reimbursement	5,286	13,984	19,270	14,937
Special/capital improvement grants	-	29,000	29,000	25,696
	<u>1,106,582</u>	<u>174,234</u>	<u>1,280,816</u>	<u>1,552,908</u>
Net assets released from restrictions - Satisfaction of purpose/program restrictions	171,970	(171,970)	-	-
Total Revenues, Gains and Other Support	<u>1,278,552</u>	<u>2,264</u>	<u>1,280,816</u>	<u>1,552,908</u>
Expenses:				
Allocations to affiliated organizations/community projects	734,175	-	734,175	724,349
Prior year donor designations	(155,142)	-	(155,142)	(208,472)
Organization grants/ community initiatives	120,633	-	120,633	10,759
United Way Worldwide dues	12,786	-	12,786	13,152
Community impact services	198,570	-	198,570	165,165
Direct services to people	75,231	-	75,231	104,345
Cancer services	5,340	-	5,340	7,372
Disabled/crippled children	852	-	852	611
Dental services	11,330	-	11,330	37,078
Emergency needs/ramps	89,677	-	89,677	72,253
Merges substance abuse treatment	16,905	-	16,905	-
Resource development	248,989	-	248,989	181,109
Organizational administration	22,224	-	22,224	25,065
Total Expenses	<u>1,381,570</u>	<u>-</u>	<u>1,381,570</u>	<u>1,132,786</u>
Change in Net Assets	(103,018)	2,264	(100,754)	420,122
Net Assets at beginning of year	2,365,653	1,544,126	3,909,779	3,489,657
Net Assets at end of year	<u>\$ 2,262,635</u>	<u>\$ 1,546,390</u>	<u>\$ 3,809,025</u>	<u>\$ 3,909,779</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF ST. CLAIR COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2014

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	Program Services			
	Community Impact Services	Direct Services to People	Cancer Services For St. Clair County	United Way Disabled/Crippled Children's Fund
Salaries	\$ 102,045	\$ 50,792	\$ -	\$ -
Payroll taxes	8,549	4,257	-	-
Employee health and retirement benefits	18,505	9,253	-	-
	<u>129,099</u>	<u>64,302</u>	<u>-</u>	<u>-</u>
Telephone	1,668	834	-	-
Postage	-	-	-	-
Office supplies	1,619	809	-	-
Mileage	811	-	-	-
Insurance	1,939	969	-	-
Dues & membership fees	287	144	-	-
Equipment maintenance	2,028	475	-	-
Occupancy	8,473	3,128	-	-
Medications, materials and direct services	1,319	-	5,340	852
Conferences & conventions	508	43	-	-
Campaign events	-	-	-	-
Campaign printing	-	-	-	-
Campaign supplies	-	-	-	-
Accounting & auditing	-	-	-	-
First call for help	3,409	-	-	-
Community relations/projects	38,357	-	-	-
In-kind	-	-	-	-
	<u>60,418</u>	<u>6,402</u>	<u>5,340</u>	<u>852</u>
Depreciation	9,053	4,527	-	-
Total Functional Expenses	<u>\$ 198,570</u>	<u>\$ 75,231</u>	<u>\$ 5,340</u>	<u>\$ 852</u>

The accompanying notes are an integral part of the financial statements.

United Way Dental Services of St. Clair County	United Way Emergency Needs of St. Clair County	Merges Substance Abuse Treatment	Supporting Services		Totals	
			Resource Development	Organizational Administration	2014	2013
\$ -	\$ -	\$ -	\$ 136,810	\$ 10,317	\$ 299,964	\$ 239,986
-	-	-	11,566	771	25,143	20,204
-	-	-	25,037	1,633	54,428	33,998
-	-	-	173,413	12,721	379,535	294,188
-	-	-	2,256	147	4,905	5,066
-	-	-	4,847	39	4,886	4,129
-	-	-	2,190	143	4,761	3,804
-	-	-	2,491	-	3,302	2,817
-	-	-	2,623	171	5,702	6,038
-	36	-	389	25	881	2,295
-	-	-	1,285	84	3,872	4,374
-	-	-	8,463	552	20,616	20,077
11,330	89,641	11,510	-	-	119,992	136,924
-	-	-	724	43	1,318	3,093
-	-	-	7,502	-	7,502	7,932
-	-	-	17,635	-	17,635	17,493
-	-	-	8,041	-	8,041	6,112
-	-	-	-	7,500	7,500	7,500
-	-	-	-	-	3,409	3,442
-	-	5,395	-	-	43,752	35,848
-	-	-	4,881	-	4,881	6,511
11,330	89,677	16,905	63,327	8,704	262,955	273,455
-	-	-	12,249	799	26,628	25,355
\$ 11,330	\$ 89,677	\$ 16,905	\$ 248,989	\$ 22,224	\$ 669,118	\$ 592,998

UNITED WAY OF ST. CLAIR COUNTY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash received from contributors	\$ 1,645,968	\$ 1,393,704
Event sponsorships and expense reimbursements	48,270	40,633
Allocations paid	(854,808)	(735,108)
Cash paid to suppliers and employees	(651,945)	(582,681)
Interest & dividends	12,066	12,307
Net Cash Provided by Operating Activities	199,551	128,855
Cash Flows From Investing Activities:		
Purchase of equipment and improvements	(10,682)	(13,551)
Endowment contribution	(1,685)	(2,171)
Net (purchases) sales of investments	(17,784)	74,557
Net Cash Provided (Used) By Investing Activities	(30,151)	58,835
Net increase in cash and cash equivalents	169,400	187,690
Cash and cash equivalents at beginning of year	874,647	686,957
Cash and cash equivalents at end of year	\$ 1,044,047	\$ 874,647
Reconciliation of Change in Net Assets to Cash Provided by Operating Activities:		
Change in net assets	\$(100,754)	\$ 420,122
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	26,628	25,355
Increase in pledges receivable	(14,897)	(23,223)
Increase (decrease) in beneficial interest in trust	221,000	(221,000)
Increase in interest and other receivable	(8,330)	(10,672)
(Increase) decrease in prepaid expenses	(3,484)	1,149
Increase (decrease) in accounts payable	1,759	(10,302)
Increase in accrued wages and taxes	1,154	39
Increase (decrease) in accounts payable - donor designations	77,454	(53,330)
Increase (decrease) in accrued liability for vacations	(979)	717
Net Cash Provided by Operating Activities	\$ 199,551	\$ 128,855
Supplemental Disclosure of Cash Flow Information:		
Non-cash contributions	\$ 4,881	\$ 6,511

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2014

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF ORGANIZATION:

United Way of St. Clair County (the "Organization") was founded in 1924 and is governed by a volunteer Board of Directors. The mission of the Organization is to mobilize the community of St. Clair County to raise funds and/or resources to meet identified human service needs with the highest level of accountability and community involvement.

SIGNIFICANT ACCOUNTING POLICIES:

The Organization's accounting policies are in accordance with accounting principles generally accepted in the United States of America. The following is a summary of policies which are considered significant to the United Way:

BASIS OF ACCOUNTING - The financial statements of the United Way are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

BASIS OF PRESENTATION - The financial statements presentation follow the requirements of the Financial Accounting Standards Board, in its *Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations*. In accordance with ASC 958, the United Way 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 assets. However, at March 31, 2014 the United Way had only unrestricted and temporarily restricted assets.

CASH AND CASH EQUIVALENTS - Cash equivalents represents highly liquid investments with a maturity of three months or less from date of purchase. The money market account has general characteristics of demand deposit accounts in that the Organization may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty. The money market accounts are recorded at cost, which approximates fair value.

INVESTMENTS - Investments represent certificates of deposit with maturities greater than three months from date of purchase. Investments are reported at cost, which approximates fair value.

PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES - All pledge receivables are recorded at the expected net realizable value. The provision for uncollectible pledges is computed based upon past history, management estimates of current economic factors, applied to current campaign, including donor designations for the 2013-2014 campaign, plus 100% of any amounts remaining due from the 2012-13 campaign.

PROMISES TO GIVE/PLEDGES - Verifiable unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value which approximates fair value. Conditional promises to give are not included as support until such time as the conditional promises are substantially met.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

PROPERTY AND EQUIPMENT - Property and equipment are carried at cost at the date of purchase or fair market value at date of donation. Additions with a cost greater than \$500 are charged to the property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the assets. All property and equipment is recorded as part of the General Operating Fund assets.

The estimated useful lives of the assets are as follows:

Building and Building Improvements	10 - 40 years
Computers	3 years
Furniture and Equipment	5 - 10 years

ANNUAL LEAVE - Employees have vested rights upon termination of employment to receive payment for unused annual leave under limits and conditions specified in the personnel policies of the Organization.

INCOME TAXES - United Way of St. Clair County is a nonprofit organization and has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code.

RESTRICTED AND UNRESTRICTED REVENUE - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished. Restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets are released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

ESTIMATES - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the 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.

COMPARATIVE DATA - The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2013, from which the summarized information was derived.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

METHOD OF DISTRIBUTING/ALLOCATING COSTS - The method for allocating indirect expense is based upon the distribution of staff time unless an alternative methodology for a specific expense produces a more documentably accurate spread of cost.

FAIR VALUE MEASUREMENTS - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. As of March 31, 2014, the United Way does not have any assets or liabilities that are required to be measured at fair market value and the agency has not elected to apply it to any assets or liabilities.

RECLASSIFICATIONS - Certain reclassifications of the 2013 financial statements have been made to conform to the 2014 presentation.

SUBSEQUENT EVENTS - In preparing these financial statements, the United Way of St. Clair County has evaluated events and transactions for potential recognition or disclosure through June 11, 2014, the date financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS:

The following is a summary of the financial presentation of deposits as of March 31, 2014:

	<u>Cash & Cash Equivalents</u>	<u>Investments</u>
Petty Cash	\$ 50	\$ -
Checking and savings account	1,043,997	-
Certificates of deposit	<u>-</u>	<u>1,403,104</u>
	<u>\$ 1,044,047</u>	<u>\$ 1,403,104</u>

The bank balance of the United Way's deposits is \$2,516,665 of which \$2,325,236 is covered by Depository Insurance, the remaining \$191,429 is uninsured and uncollateralized.

NOTE 3 - PLEDGES RECEIVABLE:

The following is a summary of the campaign pledges receivable less the allowance for uncollectible pledges as of March 31, 2014:

	<u>2012/13</u>	<u>2013/14</u>	<u>Total</u>
Pledges receivable	\$ 58,333	\$ 741,919	\$ 800,252
Less: Allowance for uncollectible pledges	<u>(58,333)</u>	<u>(52,930)</u>	<u>(111,263)</u>
Net pledges receivable	<u>\$ -</u>	<u>\$ 688,989</u>	<u>\$ 688,989</u>

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

Beneficial interest assets held by others represents assets transferred to the Community Foundation of St. Clair County (the "Foundation") to establish an agency endowment fund plus accumulated investment earnings. Under the terms of the agreement with the Foundation, the Board of Directors of the Organization may recommend or request distribution from the fund in amounts limited by the spending policies of the Foundation. The Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Organization granted variance power to the Foundation. The Foundation expects to follow the recommendation, but reserves the right to accept or reject the Organization's recommendations. Variance power also gives the Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Organization ceases to exist and the Board of the Foundation determines that support of the Organization is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

NOTE 5 - LAND, BUILDING AND EQUIPMENT:

The following is a summary of fixed assets for the year ended March 31, 2014:

Land and Building	\$	26,694
Building Improvements		358,113
Furniture and Equipment		76,507
Land and Building Dental Clinic		<u>711,196</u>
		1,172,510
Less - accumulated depreciation	(<u>313,913)</u>
	\$	<u>858,597</u>

Property was donated by Visiting Nurse Association Health Services for the dental clinic. The warranty deed stipulated that if at any time the property is not used for a not-for-profit dental clinic or if at any time the property is sold, transfers title to, gives away or in any way gives up control of the property to other than another St. Clair County located not-for-profit organization, the Organization of St. Clair County must pay Visiting Nurse Association Health Services \$100,000. During the year a payment of \$100,000 was made to Visiting Nurse Association Health Services from the Special Initiatives Fund, therefore all deed restrictions were released.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

NOTE 6 - DONOR DESIGNATIONS PAYABLE:

The donor designations payable represents the annual amount due to other United Ways and member agencies for certain designated pledges. Actual cash disbursements of designations are made for three types of pledge designations: designations to other United Ways; designations to member agencies not receiving an allocation and designations received in the State and Federal Government campaigns. Since the Organization uses a first-dollar-in designation policy, the first payments made to an agency, if they are receiving a regular allocation, are treated as a payment of designations. Therefore, separate payments for the designations in these cases are not made. Designations paid appear in the Statement of Activities under Allocations to Organizations. The prior year donor designations payable is reported as an offset against current year expenses to comply with ASC 958.

NOTE 7 - DONATED SERVICES:

Donated services are recognized as contributions in accordance with ASC 958 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

There are a substantial number of volunteers donating a significant amount of time to the Organization's fund raising and other activities that do not meet these criteria. Therefore, no value for these services is recorded.

NOTE 8 - PENSION PLAN:

Effective January 1, 1993, the Board of Directors adopted a noncontributory SEP-IRA plan which covers all full-time employees who meet certain eligibility requirements. Contributions to the plan totaled \$30,385 for the year ended March 31, 2014.

NOTE 9 - DESIGNATED UNRESTRICTED NET ASSETS:

The United Way Board of Directors has designated the following amounts from unrestricted net assets as of March 31, 2014:

Dental Clinic Building	\$ 44,508
Operating Reserve Fund	750,000
Special Initiatives Fund	528,235
Capital-Main Facility Fund	<u>81,295</u>
	<u>\$ 1,404,038</u>

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS:

Annually a campaign is conducted to raise funds to provide for the Organization's operations, organizational grants, and community initiatives that address community needs in St. Clair County. These operations, grants and initiatives occur during the subsequent year. Therefore, the annual campaign is recorded as temporary restricted revenue. During the subsequent year, as funds are distributed they are release from restriction and reported as increases in unrestricted net assets.

In addition, amounts received that are restricted by the donor for specific purposes are recorded as temporarily restricted until the time they are spent.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS – (cont'd):

Temporarily restricted net assets are available at March 31, 2014 for the following purposes or periods:

Campaign for 2014 Funding Year	\$ 1,055,354 (1)
Cancer Services	30,971
Disabled/Crippled Children	40,822
Dental Services	122,339
Emergency Needs/Ramps	54,044
Merges Substance Abuse Treatment	<u>242,860</u>
	<u>\$ 1,546,390</u>

(1) In the Statement of Activities \$38,766 of the Merges Substance Abuse Treatment funds has been reported as the Campaign for 2014.

Net assets were released during the year ended March 31, 2014 from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restriction accomplished -	
Cancer Services	\$ 5,340
Disabled/Crippled Children	852
Emergency Needs/Ramps	89,677
Dental Services	11,330
Merges Substance Abuse Treatment Services	16,905
Other Contributions/Grants	<u>47,866</u>
	171,970
Time restriction expired -	
Campaign for 2013 funding year	<u>1,064,121</u>
	<u>\$ 1,236,091</u>

NOTE 11 - FIRST CALL FOR HELP LINE:

In April 2001, the Organization assumed the administrative function of the First Call for Help Line. This telephone line provides referral services to people needing help. The Organization has contracted with an answering service to provide 24-hour access to this line. There are two basic costs to this program, telephone/answering service costs and staff time. All costs of the program are combined in Community Impact (Services) column of the Statement of Functional Expense. Staff costs for the program have not been separately listed in the Statement of Functional Expense to allow readers to see the total allocation of personnel costs. The expenses associated with the First Call for Help Line are:

Salaries	\$ 1,019
Benefits and Taxes	153
Telephone and Answering Service	<u>3,409</u>
	<u>\$ 4,581</u>

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

NOTE 12 - DONOR DESIGNATED FUNDS:

The Organization has five donor designated funds (temporarily restricted funds) to address specific issues, Cancer Services Fund, Disabled/Crippled Children's Fund, Dental Services Fund, Emergency Needs/Ramps Fund and Merges Substance Abuse Treatment Fund.

The Cancer Services and Disabled/Crippled Children's Funds provide assistance to individuals and their families, affected by these conditions, with unusual and unique needs not covered by any other funding source. The Dental Services Fund provides assistance to disabled, homeless, indigent and low income residents in securing appropriate dental care, primary at the United Way Community Dental Clinic. The Emergency Needs/Ramps Fund provides assistance to families when no other source is available for housing, utilities, food and health care on an individual basis when extreme financial need is documented and verified.

The Ramp portion of the Emergency Needs/Ramps Fund is administered by the collaborative Ramp Committee (representatives from Community Enterprises, Department of Human Services, Stebbins Family Fund and The Arc of St. Clair County) who reviews diagnostic and financial information to establish individual need. Ramps are constructed by Community Enterprises developmental disabled workers.

The Merges Substance Abuse Treatment Fund is administered by the Citizens Review Committee to provide grants to organizations for substance abuse treatment programs. This fund is restricted to up to \$40,000 per year in granting expenditures.

All of these funds are administered by the Executive Director of the United Way in conjunction with the Direct Service Coordinator and Labor Representative.

SUPPLEMENTARY FINANCIAL INFORMATION

UNITED WAY OF ST. CLAIR COUNTY

**ORGANIZATION GRANTS AND COMMUNITY INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013**

	Program Specific Funding	Required Designation Remittances	Total	
			2014	2013
Allocation of affiliated organizations/community projects:				
Algonac Food Pantry	\$ -	-	\$ -	\$ 1,002
Blue Water Community Action	23,500	-	23,500	15,279
Blue Water Hospice	-	9,621	9,621	9,142
Blue Water League of the Blind	1,752	-	1,752	809
Blue Water Safe Horizons	130,000	221	130,221	144,044
Catholic Charities of SE MI	99,720	74	99,794	100,064
Community Mental Health - Car Seats	-	-	-	360
Comprehensive Youth Services, The Harbor	32,000	74	32,074	33,073
Council on Aging, serving St. Clair County	15,000	147	15,147	15,169
DHS- Foster Kids Care	7,000	-	7,000	-
Downriver Community Services	5,370	-	5,370	183
Epilepsy Foundation of Michigan	-	74	74	24
Girl Scouts-Michigan Waterways Council	13,936	24	13,960	16,480
Goodwill Industries of St. Clair County	-	-	-	1,252
Hemophilia Foundation of Michigan	16,620	-	16,620	18,952
I.M.P.A.C.T.	30,000	-	30,000	30,000
Lakeshore Legal Aid	-	-	-	141
Michigan Coalition for Deaf Hearing and Speech Serv.	-	-	-	94
Michigan Crossroads BSA	29,000	24	29,024	37,524
Michigan League for Human Services	500	25	525	548
Mid-City Nutrition Program	4,000	3,957	7,957	9,942
MI Rehab Voc. Assess. Match	54,000	-	54,000	54,000
People's Clinic for Better Health	40,000	-	40,000	40,000
SONS	22,000	98	22,098	22,198
St. Clair County RESA - Imagination Library	36,340	-	36,340	15,361
The ARC of St. Clair County	44,000	49	44,049	38,218
The C3 Connection Food Pantry	-	-	-	2,000
Visiting Nurses Association	115,000	-	115,000	115,000
YMCA (Blue Water Area)	-	49	49	3,490
Total Program Allocations by Agency	\$ 719,738	\$ 14,437	\$ 734,175	\$ 724,349
Organization grants/community initiatives:				
Algonac Schools	\$ 6,000	\$ -	\$ 6,000	\$ -
Baker College Project	7,500	-	7,500	-
Release of Contract Stipulation (Note 5)	100,000	-	100,000	-
Other Agency Designation Payments- United Ways	-	7,133	7,133	10,759
Total Expenses From Specific Funds	\$ 113,500	\$ 7,133	\$ 120,633	\$ 10,759

Although the above information is presented by agency, these organizations are funded for specific programs, and funds are restricted by the United Way for use in the specific programs. As the needs of the community change, programs funded also change. Funding is determined on an annual basis as the needs of the community are identified.

UNITED WAY OF ST. CLAIR COUNTY

**DETAILED SCHEDULE OF GRANTS/EXPENSES FROM DONOR DESIGNATED/EFSP FUNDS
FOR THE YEAR ENDED MARCH 31, 2014**

Cancer Services Direct Services to Individuals:	
Housing/Rent Assistance	\$ 3,495
Medical Assistance	1,158
Transporation Assistance	387
Utility Assistance	300
Total Cancer Services Direct Services to Individuals	<u>5,340</u>
 Dental/Oral Surgery Direct Services to Individuals/Misc.:	
Michigan Community Dental Clinic	8,478
Oral Surgeons	1,230
Smile Enhancer Designation	1,622
Total Dental Services Direct Services to Individuals/Misc.	<u>11,330</u>
 Disabled/Crippled Children Direct Servcies to Individuals:	
Medical Assistance	<u>852</u>
 Emergency Services Direct Services to Individuals:	
Housing/Rent Assistance	23,211
Medical Assistance	4,122
Misc. Assistance - Food/Transporation	8,399
Utility Assistance	14,036
Total Emergency Direct Services to Individuals	<u>49,768</u>
 Grants to Community Enterprises for Individuals Ramps/Construction	 <u>39,873</u>
 Emergency Food & Shelter Program (EFSP) Food Pantries:	
Blue Water Community Food Pantry Port Huron	16,000
Downriver Bread of Life Nutrition Center Marine City	7,000
Downriver Helping Hands Food Pantry Marine City	1,000
SOS Marysville Food Pantry	2,000
Trinity United Methodist Food Pantry Algonac	3,000
Total Emergency Food & Shelter Program (EFSP) Food Pantries	<u>29,000</u>
 Grants to IMPACT for Merges Substance Abuse Treatment Services	 <u>11,510</u>
Total Grants/Expenditures From Donor Designated/EFSP Funds	<u>\$ 147,673</u>



AUDIT COMMUNICATION LETTER

June 11, 2014

To the Board of Directors
United Way of St. Clair County
Port Huron, Michigan

We have audited the financial statements of the United Way of St. Clair County (the "Organization") for the year ended March 31, 2014, and have issued our report thereon dated June 11, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards. We have communicated such information in our letter to you dated May 12, 2014. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Items

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization 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 2014. We noted no transactions entered into by the United Way of St. Clair County 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 allowance for uncollectible pledges is based on management's review of the receivable, historical data, and current economic conditions. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjustments detected as a result of the audit procedures and corrected by management were not material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 June 11, 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 factors. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We noted an item, that although is not considered to be a material weakness or significant deficiency, could improve controls, the operational efficiency, and/or compliance with laws and regulations. This item is discussed in Attachment A.

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.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Board of Directors and management of the United Way of St. Clair County and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Board of Directors of the United Way of St. Clair County.



Certified Public Accountant

Attachment A

The following item was discussed with administration and is not considered to be a material weakness or significant deficiency; however, is an item that could improve controls, the operational efficiency of the accounting department and/or compliance with laws and regulations:

The receipting process for campaign envelopes.

It was noted that because of a change in the Organization's staffing situation the duties for receipting the campaign envelopes were reassigned. Currently the same individual has access to the funds in the campaign envelopes, enters the information into the Donation Tracker software and also records the journal entry into the general ledger.

It was discussed that each campaign division chair person is provided a report with a five year trend history to review and that many of the larger corporate pledges are now being received electronically; however, any new cash/check amounts received could go unnoticed. To increase controls in this area we recommend that management review the campaign envelope receipting process.

Management Response: Each campaign division chair person is provided a report with a five year trend history annually in June from which they set their goal. Subsequently each receives updates on a weekly basis of current campaign activity, by account, from September through January at a campaign team meeting where each division report is discussed. In January the final campaign report by division is done publicly and published by account and recognition in early February. In April all individual donors over \$500 are listed in a publicly published report. This means that any risk of theft would be to those giving less than \$500 in an employee giving campaign envelope in either cash or check.

The risk analysis done by management included; a five year annual trend that less than 10% of the total campaign is received in cash and checks from individuals and that when amounts over \$500 are subtracted the total is less than 8% of the campaign. This equates to a total of approximately \$120,000 and further, given the scrutiny of the Campaign Division Chairs the actual risk factor would logically be reduced to no more than \$20,000 accumulated across all divisions. The cost of adding even a part time employee would far exceed this amount.

However, taking into consideration that the risk has been noted by the auditor current management has put into the accounting process that the individual doing the entry has no access to blank campaign envelopes. These printed envelopes shall be maintained in a locked file accessible only to the Executive Director who will log requests for envelopes by account names with requesting employees signature and the Executive Directors approval.