

UNITED WAYS OF VERMONT, INC.

FINANCIAL STATEMENTS

MARCH 31, 2013

UNITED WAYS OF VERMONT, INC.

MARCH 31, 2013

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Wallace W. Tapia, P.C.

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Independent Auditor's Report

To the Board of Directors
United Ways of Vermont, Inc.
South Burlington, Vermont

We have audited the accompanying statement of financial position of United Ways of Vermont, Inc. (a Vermont nonprofit organization) as of March 31, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, in our report dated August 28, 2012, we expressed an unmodified opinion on those 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 U.S. generally accepted accounting principles; 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 misstatements, 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 U.S. generally accepted auditing standards. 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 United Ways of Vermont, Inc. as of March 31, 2013 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Wallace H. Tapia, P. C.

Burlington, Vermont
September 30, 2013
Vermont Registration #333

UNITED WAYS OF VERMONT, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013
(With Summarized Information for 2012)

	2013	2012
ASSETS		
Cash	\$ 30,669	\$ 170,639
Cash - agency fund	-	3,071,258
Prepaid expenses and other assets	7,126	5,825
Grants and contributions receivable	208,415	579,864
Due from United Way of Chittenden County, Inc.	875	-
Property and equipment, net of accumulated depreciation	16,527	13,999
TOTAL ASSETS	\$ 263,612	\$ 3,841,585
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 46,505	\$ 61,849
Agency liability	-	3,071,258
Due to United Way of Chittenden County, Inc.	-	45,944
Total Liabilities	46,505	3,179,051
Net Assets:		
Unrestricted	45,564	56,381
Temporarily restricted	171,543	606,153
Permanently restricted	-	-
Total Net Assets	217,107	662,534
TOTAL LIABILITIES AND NET ASSETS	\$ 263,612	\$ 3,841,585

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2013
(With Summarized Information for 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
SUPPORT AND REVENUE:				
Grants and contributions	\$ 150	\$ 111,473	\$ 111,623	\$ 1,045,333
Member dues and other support	4,054	100,000	104,054	104,112
Donated facilities and services	14,778	-	14,778	3,220
Program service and other income	34,617	-	34,617	10,586
Net assets released from restriction	646,083	(646,083)	-	-
TOTAL SUPPORT AND REVENUE	699,682	(434,610)	265,072	1,163,251
EXPENSES:				
Program services	679,899	-	679,899	697,611
Supporting services:				
Management and general	30,600	-	30,600	30,586
Fundraising	-	-	-	-
TOTAL EXPENSES	710,499	-	710,499	728,197
CHANGE IN NET ASSETS	(10,817)	(434,610)	(445,427)	435,054
NET ASSETS, beginning of year	56,381	606,153	662,534	227,480
NET ASSETS, end of year	\$ 45,564	\$ 171,543	\$ 217,107	\$ 662,534

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2013
(With Summarized Information for 2012)

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2013 TOTAL</u>	<u>2012 TOTAL</u>
Salaries and wages	\$ 343,347	\$ -	\$ -	\$ 343,347	\$ 356,552
Payroll taxes and benefits	123,217	-	-	123,217	116,621
Sub-total	466,564	-	-	466,564	473,173
Contracted services and professional fees	89,809	30,600	-	120,409	151,211
Telephone and communications	19,239	-	-	19,239	18,076
Occupancy costs	33,760	-	-	33,760	18,900
Travel, conferences and meetings	41,676	-	-	41,676	38,421
Advertising and printing	6,732	-	-	6,732	4,652
Equipment rental and maintenance	3,349	-	-	3,349	2,893
Office supplies	7,118	-	-	7,118	3,895
Insurance	4,094	-	-	4,094	4,873
Postage	1,171	-	-	1,171	1,772
Miscellaneous	1,120	-	-	1,120	1,229
Dues and subscriptions	926	-	-	926	908
Depreciation	4,341	-	-	4,341	8,194
Total expenses	<u>\$ 679,899</u>	<u>\$ 30,600</u>	<u>\$ -</u>	<u>\$ 710,499</u>	<u>\$ 728,197</u>

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

UNITED WAYS OF VERMONT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013
(With Summarized Information for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (445,427)	\$ 435,054
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,341	8,194
(Increase) decrease in operating assets:		
Prepaid expenses and other assets	(1,301)	6,125
Grants and contributions receivable	371,449	(524,717)
Due from United Way of Chittenden County, Inc.	(875)	-
Increase in operating liabilities:		
Accrued expenses	(15,344)	32,417
Due to United Way of Chittenden County, Inc.	<u>(45,944)</u>	<u>34,583</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(133,101)</u>	<u>(8,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(6,869)</u>	<u>(780)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,869)</u>	<u>(780)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(139,970)	(9,124)
CASH:		
Beginning of year	<u>170,639</u>	<u>179,763</u>
End of year	\$ <u><u>30,669</u></u>	\$ <u><u>170,639</u></u>

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

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 1 – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

United Ways of Vermont, Inc. (“UWsVT” or “the Organization”), a non-profit, membership organization whose members are the eight United Ways operating in Vermont, was incorporated in 1979 with the mission of coordinating fundraising, training and education, and planning for its members. In 2005, with funding primarily from the State of Vermont, UWsVT launched the State’s “Vermont 2-1-1” call center – a streamlined and confidential health and human services information and referral system serving all Vermont residents twenty four hours a day, seven days a week. Vermont 2-1-1 has become UWsVT’s primary program activity.

The Organization’s support comes primarily from grants from the State of Vermont to support Vermont 2-1-1. UWsVT also receives \$100,000 from its members to subsidize the program.

Financial Statement Presentation:

UWsVT reports 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. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met. UWsVT had no permanently restricted net assets at March 31, 2012 or 2013.

Cash and cash equivalents:

UWsVT has elected to treat all cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents for purposes of the Statement of Cash Flows. UWsVT had no cash equivalents at March 31, 2012 or 2013.

Reclassification:

Portions of the 2012 financial statements have been reclassified to conform to the 2013 financial statement presentation.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended March 31, 2012, from which the summarized information was derived.

Functional Allocation of Expenses:

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - INCOME TAXES

UWsVT is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to UWsvT qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any “uncertain tax positions” that are material to the financial statements.

NOTE 3 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

UNITED WAYS OF VERMONT, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2013

NOTE 4 – RETIREMENT PLAN

As discussed in Note 11, UWsVT’s program activities are conducted by employees of United Way of Chittenden County, Inc. (“UWCC”) with all salary, tax and benefit amounts reimbursed by UWsVT. These employees participate in a 403 (b) Thrift Plan sponsored by UWCC. There are no minimum age or service requirements for employees to make contributions to the plan. For employees who work more than 1,000 hours per year and have completed one year of service, the Organization (through reimbursement to UWCC) makes an “employer base contribution” of 3% of total compensation. For employees making their own salary deferral contributions, the Organization also makes a matching contribution up to an additional 3% of compensation. Employer contributions to the plan were \$17,763 and \$15,650 for the years ended March 31, 2013 and 2012, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	2013	2012
Leasehold improvements	\$ 9,520	\$ 5,855
Office equipment and computers	58,549	55,345
Subtotal	68,069	61,200
Less - accumulated depreciation	(51,542)	(47,201)
Net property and equipment	\$ 16,527	\$ 13,999

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$4,341 and \$8,194 for the years ended March 31, 2013 and 2012, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	5 years
Office equipment and computers	3-5 years

NOTE 6 – CONCENTRATION OF REVENUE

As discussed above, most of the Organization’s support comes from the State of Vermont to support the Vermont 2-1-1 program. Of the amounts included in total *unrestricted* support and revenue (including temporarily restricted net assets released from restriction) for the fiscal years ended March 31, 2013 and 2012, approximately \$531,000 and \$570,000 were from the State of Vermont, respectively – amounts representing approximately 76% and 77% of total unrestricted revenue, respectively.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 7 – OPERATING LEASE COMMITMENT

UWsVT rents office space under a non-cancelable lease entered into in November 2010, amended in March 2012 (to reflect an increase in the area rented beginning April 2012) and ending in October 2015. Monthly lease payments are \$1,550 for the first year (base rent), increasing for the second year by the increase in the consumer price index (“CPI”), increasing for the third year by the increase in the CPI plus \$1,190 for the additional space beginning November 2012 (“additional rent”) and increases in the base and additional rent for years four and five by increases in the CPI. During the first three years of the lease, ten months of the base lease payments are payable and two months are recognized as an in-kind donation from the landlord. Total expense under the lease (including amounts recognized as an in-kind donation) was \$33,760 and \$18,900 for the years ended March 31, 2013 and 2012, respectively. Future minimum lease payments for the years ending March 31 are as follows:

2014	\$	33,984
2015		33,984
2016		19,824
	\$	<u>87,792</u>

NOTE 8 – IN-KIND CONTRIBUTIONS (DONATED FACILITIES AND SERVICES)

As discussed in Note 7, UWsVT received \$11,614 (two months of base rent at \$1,642 per month and seven months of additional rent at \$1,190 per month) and \$3,220 (two months of base rent at \$1,610 per month) in donated rent during the fiscal years ended March 31, 2013 and 2012, respectively. The Organization also received \$3,164 in donated consulting services in the fiscal year ended March 31, 2013. In addition to these amounts, the Organization receives hundreds of hours of donated time benefiting program and supporting services that was not recorded in the financial statements because the services do not meet the criteria for recognition under U.S. generally accepted accounting principles.

NOTE 9 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at March 31, 2013 includes \$49,594 in unrestricted grants receivable (representing several federal and state grants where UWsVT had already expended the funds) and \$144,634 in temporarily restricted grants receivable including \$83,575 in State of Vermont funding for Vermont 2-1-1 (the balance of the \$454,097 grant for the 7/1/12 – 6/30/13 program year) and \$14,187 in other restricted grants receivable. Grants and contributions receivable at March 31, 2012 included \$75,921 in unrestricted grants receivable (again representing federal and state grants where UWsVT had already expended the funds) and \$503,943 in temporarily restricted grants receivable including \$493,726 in State of Vermont funding for Vermont 2-1-1 (\$39,629 for the 7/1/11 – 6/30/12 program year and \$454,097 for the 7/1/12 – 6/30/13 program year) and \$10,217 in other restricted grants receivable.

There were no material conditional promises to give at March 31, 2013 or 2012. Conditional promises to give are not recorded until the conditions are substantially fulfilled.

UNITED WAYS OF VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 10 – LINE OF CREDIT

UWsVT has a \$50,000 unsecured line of credit with a commercial bank with interest payable monthly at the prime rate plus 2.0% (5.25% at March 31, 2013) and expiring in May 2014. There was no balance on the line at any time during the fiscal years ended March 31, 2013 or 2012.

NOTE 11 – AFFILIATE

United Way of Chittenden County, Inc. acts as the fiscal agent for United Ways of Vermont, Inc. collecting funds and paying expenses on behalf of the Organization. All of the individuals providing program services to UWsVT are employees of UWCC. UWsVT pays a fee to UWCC for the administrative services performed (\$24,700 and \$24,686 for the fiscal years ended March 31, 2013 and 2012, respectively). Due to the timing of the administrative and reimbursement process, there is always a balance due from or payable to United Way of Chittenden County, Inc. (\$875 due from UWCC and \$45,944 due to UWCC as of March 31, 2013 and 2012, respectively). As discussed in Note 14 below, UWsVT ended the fiscal agency relationship (employing its own staff and directly administering its activities) beginning in September 2013.

UWsVT collects membership fees and Vermont 2-1-1 member support based on a percentage of the members' campaign receipts. UWCC paid membership fees (almost all of which is designated to support of the Vermont 2-1-1 program) to UWsVT of \$52,793 and \$53,876 for the fiscal years ended March 31, 2013 and 2012, respectively.

NOTE 12 – AGENCY CASH AND LIABILITY

In response to the massive damage caused by Tropical Storm Irene in late August 2011, UWsVT signed a fiscal agent agreement with Vermont Long Term Disaster Recovery Group, Inc. ("VLTDGR") to receive donations for flood relief (through its members) and to make recovery payments (at the direction of VLTDGR's management) while VLTDGR applied for tax-exempt status. Through May 2012, UWsVT had received approximately \$3,354,000 in donations and had paid out approximately \$656,000 in recovery payments. In June 2012, the agency relationship terminated and all remaining funds were transferred to VLTDGR.

NOTE 13 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2013 consisted of \$170,210 restricted for the Vermont 2-1-1 program (and related activities) and \$1,333 restricted for other programs (\$596,353 and \$9,800, respectively, as of March 31, 2012).

NOTE 14 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated "events" subsequent to March 31, 2013 through September 30, 2013 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

As discussed in Note 11, the Organization ended its agency relationship with UWCC and began administering its own activities beginning in September 2013.