

FOX VALLEY UNITED WAY

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
for the year ended June 30, 2013
(with summarized financial information
for the year ended June 30, 2012)

Weber & Associates CPAs, LLC
Certified Public Accountants

FOX VALLEY UNITED WAY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fox Valley United Way
Aurora, Illinois

We have audited the accompanying financial statements of Fox Valley United Way (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, in our report dated December 13, 2012, we expressed an unqualified 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 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.

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 Fox Valley United Way as of June 30, 2013, 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.

Ashley & Associates

Aurora, Illinois
November 14, 2013

FOX VALLEY UNITED WAY
STATEMENT OF FINANCIAL POSITION
as of June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash	\$ 432,306	\$ 568,834
Contributions receivable, net of allowance for uncollectible amounts of \$116,085 and \$149,822 as of June 30, 2013 and 2012, respectively	563,113	457,838
Grants receivable	103,051	77,315
Other receivables	4,676	4,618
Prepaid expenses	13,486	13,921
Total current assets	1,116,632	1,122,526
Property and equipment, at cost		
Furniture and equipment	113,966	111,602
Less: accumulated depreciation	(110,407)	(106,934)
Net property and equipment	3,559	4,668
Total assets	\$ 1,120,191	\$ 1,127,194
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 13,687	\$ 7,865
Accrued expenses	17,010	16,357
Allocations payable	349,033	387,100
Designations payable to other agencies	22,234	19,115
Total current liabilities	401,964	430,437
Net assets		
Unrestricted	(80,711)	(22,881)
Temporarily restricted	798,938	719,638
Total net assets	718,227	696,757
Total liabilities and net assets	\$ 1,120,191	\$ 1,127,194

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2013
(With Summarized Financial Information for the year ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Totals	
			2013	2012
Public support and other revenue				
Gross campaign contributions	\$ 750,417	\$ 438,676	\$ 1,189,093	\$ 1,116,022
Less:				
Donor-designated contributions	(52,376)	-	(52,376)	(37,311)
Designations paid by others	(60,498)	-	(60,498)	(73,641)
Provision for uncollectible contributions	(119,933)	-	(119,933)	(81,416)
Net campaign revenue	517,610	438,676	956,286	923,654
Designations received from other organizations	81,676	-	81,676	56,493
Service fees	-	-	-	204
Fundraising fees	2,382	-	2,382	3,540
Grants and contributions	35,789	254,861	290,650	304,826
Donations in kind	128,315	2,943	131,258	72,992
Interest income	31	298	329	76
Contract revenue	-	11,667	11,667	-
Net assets released from restriction	637,196	(637,196)	-	-
Total revenue	<u>1,402,999</u>	<u>71,249</u>	<u>1,474,248</u>	<u>1,361,785</u>
Expenses				
Program services				
Net funds awarded/distributed	894,067	-	894,067	904,050
SPARK Early Learning Initiative	161,003	-	161,003	24,028
Total program services	<u>1,055,070</u>	<u>-</u>	<u>1,055,070</u>	<u>928,078</u>
Support services				
Organizational administration	186,922	-	186,922	196,069
Fundraising	200,229	-	200,229	193,744
United Way dues	10,557	-	10,557	11,188
Total support services	<u>397,708</u>	<u>-</u>	<u>397,708</u>	<u>401,001</u>
Total expenses	<u>1,452,778</u>	<u>-</u>	<u>1,452,778</u>	<u>1,329,079</u>
Increase (decrease) in net assets	(49,779)	71,249	21,470	32,706
Transfer to temporarily restricted net assets	(8,051)	8,051	-	-
Net assets, beginning of year	<u>(22,881)</u>	<u>719,638</u>	<u>696,757</u>	<u>664,051</u>
Net assets, end of year	<u>\$ (80,711)</u>	<u>\$ 798,938</u>	<u>\$ 718,227</u>	<u>\$ 696,757</u>

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2013
(With Summarized Financial Information for the year ended June 30, 2012)

	Program Services			Support Services				Total Program and Support Service Expenses	
	Allocation Services	SPARK Early Learning Initiative	Total	Organizational Administration	Fund Raising	UW Dues	Total	2013	2012
FUNCTIONAL EXPENSES									
Allocations / awards	\$ 773,014	\$ -	\$ 773,014	\$ -	\$ -	\$ -	\$ -	\$ 773,014	\$ 777,084
Less: donor designations	(42,876)	-	(42,876)	-	-	-	-	(42,876)	(27,356)
Total allocations/awards	730,138	-	730,138	-	-	-	-	730,138	749,728
Payroll expenses									
Salaries	41,278	81,692	122,970	72,237	92,876	-	165,113	288,083	225,615
Payroll taxes	3,864	8,702	12,566	6,761	8,694	-	15,455	28,021	21,172
Employee benefits	8,119	2,040	10,159	14,211	19,130	-	33,341	43,500	39,227
Profit sharing plan	2,039	-	2,039	3,569	4,588	-	8,157	10,196	10,610
Total payroll expenses	55,300	92,434	147,734	96,778	125,288	-	222,066	369,800	296,624
Contract services	-	-	-	-	2,392	-	2,392	2,392	839
Accounting and legal fees	-	3,678	3,678	50,075	-	-	50,075	53,753	53,020
Supplies	60,474	1,470	61,944	1,546	7,197	-	8,743	70,687	9,899
Printing and publications	1,282	5,191	6,473	2,132	3,972	-	6,104	12,577	6,779
Postage and shipping	145	47	192	647	325	-	972	1,164	1,630
Telephone	292	843	1,135	512	658	-	1,170	2,305	2,182
Computer and software support	5,470	2,194	7,664	9,572	12,306	-	21,878	29,542	18,856
Office rent	3,033	10,111	13,144	5,308	6,825	-	12,133	25,277	24,540
Utilities and maintenance	796	2,654	3,450	1,394	1,792	-	3,186	6,636	6,685
Meetings	246	5,342	5,588	430	598	-	1,028	6,616	403
Travel	394	1,297	1,691	689	885	-	1,574	3,265	2,766
Insurance	1,108	-	1,108	1,938	2,794	-	4,732	5,840	5,474
Events expense	1,212	-	1,212	4,310	21,104	-	25,414	26,626	25,284
Advertising	24,714	1,459	26,173	5,410	9,672	-	15,082	41,255	58,931
Other professional services	7,552	32,863	40,415	91	117	-	208	40,623	42,343
Equipment	448	1,144	1,592	3,527	1,009	-	4,536	6,128	4,484
Dues and subscriptions	594	-	594	1,041	1,338	-	2,379	2,973	2,422
Bank fees	73	-	73	127	164	-	291	364	397

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES, continued
for the year ended June 30, 2013
(With Summarized Financial Information for the year ended June 30, 2012)

	Program Services			Support Services				Total Program and Support Service Expenses	
	Allocation Services	SPARK		Organizational Administration	Fund Raising	UW Dues	Total	2013	2012
		Early Learning Initiative	Total						
FUNCTIONAL EXPENSES, continued									
Penalties and late fees	3	-	3	5	7	-	12	15	83
Awards	23	-	23	41	52	-	93	116	-
Miscellaneous expense	131	-	131	230	295	-	525	656	89
Depreciation expense	639	276	915	1,119	1,439	-	2,558	3,473	4,433
Other expenses	108,629	68,569	177,198	90,144	74,941	-	165,085	342,283	271,539
United Way dues	-	-	-	-	-	10,557	10,557	10,557	11,188
TOTAL FUNCTIONAL EXPENSES	\$ 894,067	\$ 161,003	\$ 1,055,070	\$ 186,922	\$ 200,229	\$ 10,557	\$ 397,708	\$ 1,452,778	\$ 1,329,079

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF CASH FLOWS
for the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 21,470	\$ 32,706
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	3,473	4,433
Contributed equipment	-	(742)
Changes in assets and liabilities		
Contributions receivable	(105,275)	7,686
Grant receivable	(25,736)	(62,315)
Prepaid expenses	435	(2,930)
Other receivables	(58)	(815)
Accounts payable	5,822	(3,260)
Accrued expenses	653	(3,386)
Grants payable	-	(15,891)
Allocations payable	(38,067)	11,041
Designations payable	3,119	6,072
Net cash used in operating activities	<u>(134,164)</u>	<u>(27,401)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(2,364)</u>	-
Net cash used in investing activities	<u>(2,364)</u>	-
Net decrease in cash and cash equivalents	(136,528)	(27,401)
Cash and cash equivalents, beginning of year	<u>568,834</u>	<u>596,235</u>
Cash and cash equivalents, end of year	<u>\$ 432,306</u>	<u>\$ 568,834</u>

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

Organization

Fox Valley United Way (the Organization) provides services for planning community activities and fundraisers, evaluating individual agency programs, informing the community of various activities it sponsors, and helping solve community problems. Funds are raised from the businesses and people of the Fox Valley area through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community agencies, public information and community awareness, and sponsoring an annual "Day of Caring" consisting of a variety of community projects. The Organization's ability to raise funds is susceptible to fluctuations in the local economy. Governed by a volunteer Board of Directors, the Organization has committed to complying with the United Way of America's Cost Deduction Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Financial Statement Presentation

The Organization's financial statements are presented as required by the Financial Accounting Standards Board Accounting Standards Codification. 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 unrestricted and temporarily restricted net assets. Temporarily restricted net assets of the Organization result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Cash and Cash Equivalents

For the Statement of Cash Flows, cash consists of demand deposits and money market accounts at banks.

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. The Organization has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Office equipment, furniture and fixtures are recorded at cost if purchased or fair market value at the date of donation and are being depreciated using the straight-line method over the estimated useful lives of the assets. Generally, the Organization's policy is to capitalize assets with a cost exceeding \$500. Depreciation expense for the years ended June 30, 2013 and 2012 was \$3,473 and \$4,433, respectively.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Donors may choose to designate contributions to be distributed to a specific agency or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distribution to specified agencies or United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in campaign contributions in the statement of activities then deducted as donor designated contributions before arriving at net campaign revenue.

Contributions Receivable and Allowance for Uncollectible Amounts

Each fall the Organization conducts an annual fundraising campaign whereby it solicits voluntary contributions from the general public in the Fox Valley area in the form of cash contributions and pledges to make future cash contributions. The Organization's ability to collect pledges can be affected by local economic conditions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience. The Organization expects to receive contributions receivable at June 30, 2013 within one year.

Allocations

Allocations to participating United Way agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies. These allocations are generally payable within one year.

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$41,255 and \$58,931 for the years ended June 30, 2013 and 2012, respectively.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocations

The Organization has allocated expenses to program and support services based on an estimate of time spent by employees in each area.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 and the differences could be material to these financial statements.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, such prior year information is presented in total but not by net asset class. With respect to the statement of functional expenses, comparative prior year expenses are presented in total rather than by functional category. 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 June 30, 2012, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. OTHER RECEIVABLES

Other receivables consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Accounts receivable - insurance	\$ 2,676	\$ 2,618
Rent deposit	2,000	2,000
	<u>\$ 4,676</u>	<u>\$ 4,618</u>

The Organization considers these receivables to be fully collectible; accordingly no allowance for doubtful accounts has been established.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

4. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 through December 31, 2013. Uninsured bank balances were \$193,417 and \$0 at June 30, 2013 and 2012.

5. CONTRIBUTED MATERIALS AND SERVICES

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received the following in-kind contributions during the years ended June 30:

	2013	2012
Advertising	\$ 32,419	\$ 41,273
Photography and video	5,145	8,375
Printing	1,604	1,411
Campaign supplies	61,520	1,600
Equipment	2,743	3,338
Computer support	25,493	16,995
Repairs and maintenance	2,334	-
	<u>\$ 131,258</u>	<u>\$ 72,992</u>

In addition, the Board of Directors makes significant contributions of time with respect to the management and operations of the Organization. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements since it does not meet the requirements for recognition under generally accepted accounting principles.

6. EMPLOYEE PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Eligible employees are persons who have at least one year of service with the Organization. During the years ended June 30, 2013 and 2012, the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2013 and 2012 was \$10,196 and \$10,610, respectively.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

7. RENTAL AGREEMENTS

The Organization entered into a lease agreement for office space dated September 1, 2010. The lease is for the period October 15, 2010 through October 15, 2015. Monthly payments are \$2,000 increasing 3% annually. The lease includes the option of one five-year extension.

Future minimum lease payments for the years ending June 30 are as follows:

2014	\$ 26,031
2015	26,814
2016	6,753

Rent expense recorded for the years ended June 30, 2013 and 2012 totaled \$25,278 and \$24,540, respectively.

8. ENDOWMENT FUND

The Organization participates in an endowment fund established with the Community Foundation of the Fox River Valley. The fund is considered the property of the Foundation and the Foundation has ultimate authority and control over all property in the fund. At least annually, the Foundation can distribute income to the Organization, or the Organization can accumulate the income. At June 30, 2013 the endowment fund's balance was \$33,524. For the years ended June 30, 2013 and 2012, no accumulated income was distributed.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 consisted of cash available for the following purposes:

	2013	2012
Food and shelter assistance programs	\$ -	\$ 20,728
Youth programs	52,055	8,800
SPARK Early Learning Initiative	213,755	176,979
Pledges received-next year's campaign	3,242	-
Other specific grant purposes	6,401	4,361
	\$ 275,453	\$ 210,868

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

9. TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets at June 30 consisted of amounts receivable for the following purposes:

	2013	2012
Youth programs	\$ 43,051	\$ 47,315
SPARK Early Learning Initiative	45,000	15,000
Pledges receivable	435,434	446,455
	<u>\$ 523,485</u>	<u>\$ 508,770</u>
Total temporarily restricted net assets	<u>\$ 798,938</u>	<u>\$ 719,638</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	2013	2012
Programs benefiting the elderly	\$ -	\$ 7
Food and shelter assistance programs	22,608	2,027
Youth programs	4,060	9,200
SPARK early learning initiative	161,003	24,029
Other specific grant purposes	3,070	41,323
Campaign funds released	446,455	452,269
	<u>\$ 637,196</u>	<u>\$ 528,855</u>

10. UNCERTAIN TAX POSITIONS

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.

The Organization has adopted guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, there were no interest or penalties recognized for uncertain tax positions during the year ended June 30, 2013, and there were no accruals for interest and penalties at June 30, 2013. The 2010-2012 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2013, the date the financial statements were available to be issued.