

CAPE & ISLANDS UNITED WAY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH INDEPENDENT AUDITOR'S REPORT

CAPE AND ISLANDS UNITED WAY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

INDEX

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position.....	2
Statement of activities.....	3
Statement of cash flows.....	4
Notes to financial statements.....	5
SUPPLEMENTAL INFORMATION	
Schedule of functional expenses.....	11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Cape and Islands United Way, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Cape & Islands United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Cape & Islands United Way, Inc. as of December 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.

Brewster, Massachusetts

September 10, 2015

CAPE AND ISLANDS UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$	228,556
Investments		303,442
Donated stock certificate		8,000
Accounts receivable		348
Pledges receivable (net allowance for uncollectible uncollectible amounts of \$34,000)		34,093
Prepaid expenses		<u>7,132</u>
Total current assets		581,571

Property and Equipment

Office equipment		35,289
Accumulated depreciation		<u>(23,015)</u>
Total Property and Equipment		12,274

Total assets	\$	<u>593,845</u>
--------------	----	----------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	7,369
Accrued Expenses		<u>5,706</u>
Total current liabilities		13,075

Net Assets

Unrestricted		525,094
Temporary restricted		<u>55,676</u>
Total net assets		<u>580,770</u>

Total liabilities and net assets	\$	<u>593,845</u>
----------------------------------	----	----------------

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

CAPE AND ISLANDS UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Revenues and other support:				
Contributions	\$ 863,395	\$ 122,387	\$	\$ 985,782
In-kind donation	10,981			10,981
Special events	163,493			163,493
Investment Income	28,970			28,970
Net assets released from restrictions	<u>79,711</u>	<u>(79,711)</u>		<u>-</u>
Total revenues and support	1,146,550	42,676		1,189,226
Expenses:				
Program services:				
Funds awarded to agencies	601,533			601,533
Donor designations	<u>79,711</u>			<u>79,711</u>
Net funds awarded	681,244			681,244
Other program services	<u>172,634</u>			<u>172,634</u>
Total program services	853,878			853,878
Management and general	126,460			126,460
Fundraising	<u>196,356</u>			<u>196,356</u>
Total expenses	<u>1,176,694</u>			<u>1,176,694</u>
Revenues and other support over (under) expenses	(30,144)	42,676		12,532
Net assets at beginning of year, restated	<u>555,238</u>	<u>13,000</u>		<u>568,238</u>
Net assets at end of year	<u>\$ 525,094</u>	<u>\$ 55,676</u>	<u>\$</u>	<u>\$ 580,770</u>

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

CAPE AND ISLANDS UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities	
Change in net assets	\$ 12,532
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities	
Depreciation	2,522
Loss (gain) from investment income	(28,970)
(Increase) decrease accounts receivable	(348)
Pledges receivable and other receivables	(7,516)
Prepaid expenses	(6,133)
Accounts payable and allocations payable	<u>(21,759)</u>
Net cash and cash equivalents provided by operating activities	(49,672)
Cash flows from investing activities	
Purchase of property and equipment	(11,135)
Investment activity, net	<u>262,266</u>
Net cash used in investing activities	251,131
Net increase in cash and cash equivalents	201,459
Cash and cash equivalents, at beginning of the year	<u>27,097</u>
Cash and cash equivalents, at end of the year	<u>\$ 228,556</u>
Supplemental disclosure of cash flow information	
Interest cost incurred	<u>\$ 25</u>

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

CAPE AND ISLANDS UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 1. Organization and History

Cape & Islands United Way, Inc. (the Company), located in Hyannis, Massachusetts, was formed in 1959, as a non-profit corporation under Chapter 180 of the General Laws of the Commonwealth of Massachusetts to receive donor designations and provide funding for other charitable organizations located on the Cape & Islands.

The Company is a non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. As such, the Company is exempt from federal and the Commonwealth of Massachusetts income taxes under section 501(c)(3) of the Internal Revenue Code.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) and are prepared on the accrual basis of accounting which recognizes income when earned and expenses when goods are received and services are rendered.

Net Asset Classification

The financial statements are presented in accordance with FASB ASC Paragraph 958-205, Not-for-Profit Entities – Presentation of Financial Statements. Under ASC 958-205, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted, depending on the existence and nature of any donor restrictions.

Unrestricted net assets are the portion of expendable, unrestricted net assets available for support of operations and continuing charitable purposes of the Company, including assets held in trust. Gifts of assets are recorded as unrestricted support unless explicit donor stipulations specify how the assets must be used.

Temporarily restricted net assets are net assets restricted by the donor for a particular purpose or for a period of time. When a donor restriction is accomplished or when a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. At December 31, 2014, temporary restricted net assets of \$58,176 were reported.

Permanently restricted net assets provide for the perpetual support of the Company and its programs. Such funds are those in which donors require that the principal be held in perpetuity. There were no permanently restricted net assets at December 31, 2014.

Concentration of Risk

The Company receives the majority of its funding from individual and corporate donations. Individual and corporate nonrecurring donations could significantly impact the Company's ability to start new programs or to continue existing programs, respectively.

CAPE AND ISLANDS UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 2. Summary of Significant Accounting Policies-Continued

Advertising

Advertising costs are charged to operations when the advertising first takes place. The total advertising and marketing expense for 2014 was \$11,762.

Funds Awarded to Agencies

Allocations of the contributions received from donors are made to several local agencies located throughout the Cape & surrounding Islands. To help foster their mission, which is increasing the organized capacity for people to care for one another and improve the human condition of the region. The Board of Directors approved \$600,000 in allocations for the year ended December 31, 2014.

Compensated Absences

Full-time and part-time employees accrue vacation leave. Accrued leave for the year ended December 31, 2014 is \$2,794.

Property and Equipment

Acquisitions of property and equipment are recorded at cost except for donated assets which are recorded at fair market value at the date of donation. The Cape & Islands United Way, Inc. follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is calculated on the straight-line method over the estimated useful lives.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during that period. Actual results will differ from those estimates.

Public Support and Revenue

Donations, including unconditional promises to give are recognized when received. Donations are reported as increases in unrestricted, temporarily or permanently restricted net assets depending on the nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets. Conditional promises to give are not included as support until the conditions are substantially met. Interest and fee income is recognized when earned.

Cash, Cash Equivalents and Investments

The Company considers highly liquid, short-term investments with an original maturity of three months or less to be cash equivalents. The Company utilizes one bank to hold deposits. From time to time, cash balances in these accounts may exceed federally insured limits. To date, the Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash and equivalents.

CAPE AND ISLANDS UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 2. Summary of Significant Accounting Policies-Continued

The Company has adopted the Financial Accounting Standards Board's method for accounting for certain investments, which requires that certain investments be reported at fair market value with gains or losses and investment expenses included in the statement of activities as investment earnings. The fair market value of securities is based on quoted market prices. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Company.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. As management expects to fully collect the balance there is no allowance made for uncollectible accounts.

Pledges Receivable

The Company conducts an annual campaign each year for the purpose of raising funds to support human needs on Cape Cod, Martha's Vineyard & Nantucket. Pledges receivable are due within one year and are considered unrestricted unless specifically restricted by the donor.

The Company uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services and Donated Assets

Services are performed on the United Way's behalf by its board of directors who provide management with direction and oversight and receive no compensation for their efforts. GAAP allows recognition of contributed services only if (a) the services create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. The donated stock certificate's fair market value at December 31, 2014 is \$8,000.

Income Taxes

The Company is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Tax may apply to activities outside of the organizations exempt purpose (unrelated business income), although no such activity has been reported.

The Company 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. As of December 31, 2014, the tax years 2013, 2012, and 2011 were still open for examination by taxing authorities.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Note 3. Cash and Cash Equivalents

The Company maintains two accounts at Bank of America. At December 31, 2014, deposits totaled \$217,166, of which all was covered by depository insurance. The carrying amount of cash, cash equivalents, and term deposits at December 31, 2014, was \$228,556. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

Note 4. Investments

The Company applies the provision of accounting principles generally accepted in the United States of America which establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), a lower priority to significant other observable inputs (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets:
- Quoted prices for identical or similar assets or liabilities in inactive markets:
- Inputs other than quoted prices that are observable for the asset or liability:
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2014, are as follows:

CAPE AND ISLANDS UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

<u>Investment Type</u>	<u>(Level 1) Fair Market Value</u>	<u>(Level 2) Fair Market Value</u>	<u>(Level 3) Fair Market Value</u>
Mutual Funds:			
Fixed Income	\$ 9,809	\$ -	\$ -
Equities	64,719		
Other	<u>227,124</u>		
Total mutual funds	301,652		
Cash Equivalents	<u>1,790</u>	<u>-</u>	<u>-</u>
Total investment activities	<u>\$303,442</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5. Pledges Receivable

Pledges receivable consist of the following at December 31, 2014:

Pledges receivable	\$68,186
Allowance for uncollectible	<u>(34,093)</u>
Pledges receivable, net	<u>\$34,093</u>

Note 6. Property and Equipment

As of December 31, 2014 property and equipment consisted of the following:

Cost	<u>Equipment</u>	<u>Furniture</u>	<u>Total</u>
January 1, 2014	\$24,154	\$ -	\$24,154
Additions	<u>4,200</u>	<u>6,935</u>	<u>11,135</u>
December 31, 2014	<u>\$28,354</u>	<u>\$6,935</u>	<u>\$35,289</u>
Accumulated Depreciation			
January 1, 2014	\$20,493	\$ -	\$20,493
Additions	<u>1,828</u>	<u>694</u>	<u>2,522</u>
Accumulated Depreciation	<u>\$22,321</u>	<u>\$ 694</u>	<u>\$23,015</u>
December 31, 2014			

Note 7. Restrictions on Net Assets

These are contributions which were received with donor stipulations that limit the use of the assets for specific purposes. Temporary restricted net assets consisted of the following at December 31, 2014:

Colonel Fund	\$25,501
Polhemus Fund	<u>30,175</u>
Total	<u>\$55,676</u>

CAPE AND ISLANDS UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 8. Operating Lease

The Cape & Islands United Way, Inc. occupies office space as a tenant at will. The United Way signed a new lease effective September 1, 2014 continuing as a tenant for \$1,400 per month for three years with the option for a renewal at the end of the current lease. The new change represents a change of occupancy space from approximately 1,300 to 1,500 square feet and increases the rent from \$825 per month. Rent expense for the year was 12,200, included in the rent expense was \$6,600 of donated rent.

Note 9. Pension Plan

The United Way has a noncontributory 403B Pension Plan for the exclusion benefit of the employees who are eligible to participate. The Plan expense for the year ended December 31, 2014 was \$7,997.

Note 10. Functional Allocation of Expenses

The costs of providing the various programs and activities of the Company have been summarized on a functional basis in the statement of activities.

Note 11. Prior Period Adjustment

During the year ended December 31, 2014 the Company determined that temporarily restricted donor funds had been understated by \$13,000. This correction resulted in a prior period adjustment of \$13,000, increasing temporarily restricted net assets and decreasing unrestricted net assets by the same amount. See detail of the change in Net Assets below:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net Assets as of December 31, 2013	\$ 568,238	\$ -	\$ -	\$568,238
Restated Temporarily Restricted Net Assets	<u>(13,000)</u>	<u>13,000</u>	<u>-</u>	
Net Assets, restated, as of December 31, 2013	<u>\$ 555,238</u>	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$568,238</u>

Note 12. Subsequent Events

The Organization has evaluated subsequent events through September 10, 2015, the date which the financial statements were available to be issued.

CAPE AND ISLANDS UNITED WAY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	General and Administrative	Fund-Raising	Total
Expenses:				
Allocations	681,244	-	-	681,244
Audit	3,450	3,450	-	6,900
Awards	-	-	415	415
Allowance for doubtful accounts	-	-	34,093	34,093
Bookkeeping	8,563	8,562		17,125
Campaign cost	-	28,499	96,791	125,290
Depreciation	1,260	631	631	2,522
Dues	9,646	-	-	9,646
Executive Search	20,868	20,867		41,735
Insurance	1,741	871	871	3,483
Interest expense	-	25	-	25
Miscellaneous	3,339	1,670	1,670	6,679
Occupancy	9,177	4,589	4,589	18,355
Office expense	1,931	966	966	3,863
Salaries, taxes and benefits	107,538	53,770	53,770	215,078
Technology support	3,497	1,748	1,748	6,993
Telecommunication expense	1,624	812	812	3,248
	<u>853,878</u>	<u>126,460</u>	<u>196,356</u>	<u>1,176,694</u>
Total Expenses	<u>\$ 853,878</u>	<u>\$ 126,460</u>	<u>\$ 196,356</u>	<u>\$ 1,176,694</u>

See Independent Auditors' Report.