

**UNITED WAY OF  
THURSTON COUNTY**

Audited Financial Statements

June 30, 2013 and 2012

**UNITED WAY OF THURSTON COUNTY**

Audited Financial Statements

June 30, 2013 and 2012

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## Independent Auditor's Report

To the Board of Directors  
United Way of Thurston County  
Olympia, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the United Way of Thurston County (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statement***

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

To the Board of Directors  
United Way of Thurston County

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Thurston County as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Johnson, Stone & Pagano, P.S.*

**JOHNSON, STONE & PAGANO, P.S.**

February 14, 2014

**AUDITED FINANCIAL STATEMENTS**

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 523,607	\$ 421,844
Certificates of deposit	330,508	328,280
Campaign pledges receivable:		
2012/2013 Campaign, net of allowance of \$100,938	474,273	550,036
2011/2012 Campaign, net of allowance of \$78,642	32,490	25,666
Other receivables	2,500	2,500
Other assets	42,403	56,359
Property and equipment - net	226,551	205,794
Community Foundation Endowments	<u>226,551</u>	<u>205,794</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,632,332</u></b>	<b>\$ <u>1,590,479</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 24,537	\$ 16,411
Due to designated agencies	<u>187,757</u>	<u>213,610</u>
<b>Total Liabilities</b>	212,294	230,021
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	532,390	502,603
Board designated Women's Leadership Council	38,295	65,000
Board designated reserve	<u>150,000</u>	<u>150,000</u>
<b>Total Unrestricted Net Assets</b>	720,685	717,603
Temporarily restricted	663,828	607,330
Permanently restricted	<u>35,525</u>	<u>35,525</u>
<b>Total Net Assets</b>	<b><u>1,420,038</u></b>	<b><u>1,360,458</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,632,332</u></b>	<b>\$ <u>1,590,479</u></b>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current Campaign				
Contributions received in current period	\$ 673,739	\$ 503,839		\$ 1,177,578
Less donor designations	(298,437)			(298,437)
Less provisions for uncollectables	<u>(94,206)</u>			<u>(94,206)</u>
<b>Net Current Campaign Revenues</b>	281,096	503,839		784,935
Old Campaign				
Contributions received in current period	41,882			41,882
Contributions received in prior period (released from restrictions)	<u>536,184</u>	<u>(536,184)</u>		
<b>Net Old Campaign Revenues</b>	578,066	(536,184)		41,882
Campaign revenue received for next allocation period		<u>48,239</u>		<u>48,239</u>
<b>Total Contributions</b>	859,162	15,894		875,056
Grants and contracts	117,102			117,102
Special events	118,354	16,950		135,304
Other contributions	8,200	77,300		85,500
Service fees	33,428			33,428
Investment income	24,210			24,210
In-kind revenue	87,727			87,727
Release of temporary restriction on contribution	<u>53,646</u>	<u>(53,646)</u>		
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	1,301,829	56,498		1,358,327

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 799,699			\$ 799,699
Less donor designations	<u>(298,437)</u>			<u>(298,437)</u>
<b>Net Funds Awarded/Distributed</b>	501,262			501,262
Community Services	<u>393,706</u>			<u>393,706</u>
<b>Total Program Services</b>	894,968			894,968
Supporting services				
Fundraising	197,850			197,850
Organization administration	<u>205,929</u>			<u>205,929</u>
<b>Total Supporting Services</b>	<u>403,779</u>			<u>403,779</u>
<b>Total Expenses</b>	<u>1,298,747</u>			<u>1,298,747</u>
<b>Change in Net Assets</b>	3,082	\$ 56,498		59,580
<b>Net Assets at Beginning of Year</b>	<u>717,603</u>	<u>607,330</u>	\$ 35,525	<u>1,360,458</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 720,685</u></u>	<u><u>\$ 663,828</u></u>	<u><u>\$ 35,525</u></u>	<u><u>\$ 1,420,038</u></u>

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



**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current Campaign				
Contributions received in current period	\$ 618,348	\$ 565,323		\$ 1,183,671
Less donor designations	(331,000)			(331,000)
Less provisions for uncollectables	<u>(71,020)</u>			<u>(71,020)</u>
<b>Net Current Campaign Revenues</b>	216,328	565,323		781,651
Old Campaign				
Contributions received in current period	26,245			26,245
Contributions received in prior period (released from restrictions)	<u>616,079</u>	<u>(616,079)</u>		
<b>Net Old Campaign Revenues</b>	642,324	(616,079)		26,245
Campaign revenue received for next allocation period		<u>42,007</u>		<u>42,007</u>
<b>Total Contributions</b>	858,652	(8,749)		849,903
Grants and contracts	129,286			129,286
Special events	118,080			118,080
Other contributions	22,850			22,850
Service fees	35,584			35,584
Investment income	5,534			5,534
In-kind revenue	75,912			75,912
Release of temporary restriction on contribution	<u>25,000</u>	<u>(25,000)</u>		
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	1,270,898	(33,749)		1,237,149

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 804,450			\$ 804,450
Less donor designations	<u>(331,000)</u>			<u>(331,000)</u>
<b>Net Funds Awarded/Distributed</b>	473,450			473,450
Community Services	<u>451,449</u>			<u>451,449</u>
<b>Total Program Services</b>	924,899			924,899
Supporting services				
Fundraising	189,681			189,681
Organization administration	<u>176,649</u>			<u>176,649</u>
<b>Total Supporting Services</b>	<u>366,330</u>			<u>366,330</u>
<b>Total Expenses</b>	<u>1,291,229</u>			<u>1,291,229</u>
<b>Change in Net Assets</b>	(20,331)	\$ (33,749)		(54,080)
<b>Net Assets at Beginning of Year</b>	<u>737,934</u>	<u>641,079</u>	\$ 35,525	<u>1,414,538</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 717,603</u>	<u>\$ 607,330</u>	<u>\$ 35,525</u>	<u>\$ 1,360,458</u>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2013

	Program Services		Supporting Services		Combined Total	
	Distributions	Community Services	Fundraising	Organization Administration		Total Supporting Services
Salaries, payroll tax and benefits		\$ 222,182	\$ 107,652	\$ 152,720	\$ 260,372	\$ 482,554
Professional fees				12,600	12,600	12,600
Meeting and events		31,390	30,125	2,736	32,861	64,251
Office expenses		8,186	2,060	3,072	5,132	13,318
Computer expense		7,329	1,323	1,973	3,296	10,625
Postage and printing		4,496	5,543	283	5,826	10,322
Occupancy		26,513	9,479	14,135	23,614	50,127
Insurance		1,505	616	919	1,535	3,040
Miscellaneous		7,385	3,459	4,817	8,276	15,661
Advertising		49,029	24,721		24,721	73,750
Contracted services		4,938				4,938
Marketing		2,014	1,576		1,576	3,590
Auto expense		6,618	2,145	221	2,366	8,984
Supplies		2,916	1,473	1,458	2,931	5,847
Staff and board development		634	252	220	472	1,106
Travel		2,568				2,568
Membership dues		7,922	3,982	5,640	9,622	17,544
Volunteers		1,422				1,422
Distributions	\$ 501,262					501,262
<b>Total Functional Expenses before Depreciation</b>	<b>501,262</b>	<b>387,047</b>	<b>194,406</b>	<b>200,794</b>	<b>395,200</b>	<b>1,283,509</b>
Depreciation		6,659	3,444	5,135	8,579	15,238
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 501,262</b>	<b>\$ 393,706</b>	<b>\$ 197,850</b>	<b>\$ 205,929</b>	<b>\$ 403,779</b>	<b>\$ 1,298,747</b>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2012

	Program Services		Supporting Services			Combined Total
	Distributions	Community Services	Fundraising	Organization Administration	Total Supporting Services	
Salaries, payroll tax and benefits		\$ 273,392	\$ 103,870	\$ 131,751	\$ 235,621	\$ 509,013
Professional fees				12,300	12,300	12,300
Meeting and events		28,044	30,719	170	30,889	58,933
Office expenses		7,972	1,906	2,630	4,536	12,508
Computer expense		1,402	489	1,900	2,389	3,791
Postage and printing		14,409	5,750	395	6,145	20,554
Occupancy		26,830	9,039	11,457	20,496	47,326
Insurance		1,633	622	788	1,410	3,043
Miscellaneous		7,245	1,902	2,330	4,232	11,477
Advertising		51,096	23,331		23,331	74,427
Contracted services		11,772				11,772
Marketing		781	869		869	1,650
Auto expense		5,437	1,530	248	1,778	7,215
Supplies		3,056	1,416	1,034	2,450	5,506
Staff and board development		2,042	645	879	1,524	3,566
Membership dues		9,484	4,357	5,066	9,423	18,907
Loss on disposal of assets				1,600	1,600	1,600
Distributions	\$ 473,450					473,450
<b>Total Functional Expenses before Depreciation</b>	473,450	444,595	186,445	172,548	358,993	1,277,038
Depreciation		6,854	3,236	4,101	7,337	14,191
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 473,450	\$ 451,449	\$ 189,681	\$ 176,649	\$ 366,330	\$ 1,291,229

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from various donors for		
Annual campaign	\$ 1,249,258	\$ 1,180,215
Grants and contracts	110,278	145,617
Special events	135,304	118,080
Other contributions	85,500	22,850
Cash received from		
Investment income	1,225	1,595
Service fees	33,428	35,584
Cash payment for		
Allocations and grants	(501,262)	(473,450)
Designated agencies	(324,290)	(341,790)
Employees and suppliers	<u>(686,396)</u>	<u>(730,982)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	103,045	(42,281)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(1,282)</u>	<u>(14,911)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	101,763	(57,192)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>421,844</u>	<u>479,036</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 523,607</u>	<u>\$ 421,844</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF CASH FLOWS (Continued)

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 59,580	\$ (54,080)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	15,238	14,191
Loss on disposal of equipment		1,600
Allowance for uncollectables	88,637	74,673
Realized (gain) loss on investments	(9,875)	7,814
Unrealized gain on investments	(10,882)	(9,430)
(Increase) decrease operating assets		
Certificates of deposit	(2,228)	(2,323)
Pledges receivable	(12,874)	(75,361)
Other receivables	(6,824)	16,331
Other assets		179
Decrease (increase) operating liabilities		
Accounts payable and accrued expenses	8,126	(5,085)
Due to designated agencies	<u>(25,853)</u>	<u>(10,790)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ <u>103,045</u></b>	<b>\$ <u>(42,281)</u></b>

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

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

##### *Nature of Activities*

United Way of Thurston County (“United Way”) is a nonprofit organization organized under the laws of the State of Washington and is an exempt organization under the Internal Revenue Code, Section 501(c)(3). United Way’s mission is to strengthen the community by connecting people and resources to meet identified human needs.

United Way strengthens the lives of people, from children to seniors, through partnerships, programs and community initiatives that deliver tangible results. It focuses its resources on four specific areas of impact:

- Helping Kids Succeed
- Meeting Basic Needs
- Promoting Self-Sufficiency
- Supporting Health and Wellness

A summary of United Way’s significant accounting policies follows:

##### *Basis of Presentation*

The financial statements present United Way’s financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, United Way considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings and money market accounts.

##### *Campaign Pledges and Designations*

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year’s operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable. Substantially all of the pledges receivable at June 30, 2013 and 2012 are from corporations and individuals.

Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of Campaign Results from which the amounts are then deducted to arrive at Campaign Revenue.

Provision for uncollectable pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors, applied to gross campaign.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Campaign Pledges and Designations (Continued)***

Donor designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designed Funds)*.

##### ***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor (other than donor designated gifts received through the annual campaign) is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. 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 statements of activities as net assets released from restrictions.

##### ***Community Investment Grants and Donor Choice Designations***

Community investment grants to support health and human service programs are determined through a review process by United Way committees composed of Board members and community volunteers. Agencies that are awarded funding are notified in the spring of each year and are required to sign a memorandum of understanding.

Donor choice designations to other nonprofit organizations are subject to an administrative fee based on the previous year's functional expense overhead calculation. The administrative fee applied was 18.0% for the years ended June 30, 2013 and 2012, respectively. Donations to other United Ways in Washington and designations from major donors are processed at a reduced fee or without fee.

##### ***Board Designated - Women's Leadership Council***

The Women's Leadership Council ('WLC') is a program of United Way of Thurston County organized to help women acquire the life-long skills needed to support themselves and their families. Funds raised by WLC members and their events are available for grants to non-profits serving women and girls in Thurston County. At June 30, 2013 and 2012, \$38,295 and \$65,000, respectively, has been designated for WLC grants and projects.

##### ***Property and Equipment***

Property and equipment purchased in excess of \$500 with a useful life of two or more years are capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment consist of computer equipment, office equipment and furniture.



## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Donated Property and Equipment***

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a significant purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

##### ***Donated Materials***

Donated materials are reflected as contributions at their estimated values at date of receipt. For the years ended June 30, 2013 and 2012, United Way received donated advertising, printing and website design of \$87,727 and \$75,912, respectively.

##### ***Donated Services***

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way with allocations, Day of Caring and various committee assignments. United Way receives more than 4,000 volunteer hours per year.

##### ***Functional Expenses***

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards (Revised 2003)*.

##### ***Federal Income Taxes***

United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. United Way has unrelated business taxable income as defined by the Internal Revenue Code. There was no income tax expense for the years ended June 30, 2013 and 2012. The Organization's tax returns for the years prior to June 30, 2010 are closed to examination.

##### ***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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**UNITED WAY OF THURSTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013 and 2012

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

United Way has evaluated for subsequent events through February 14, 2014, the date the statements were available to be issued.

***Concentration of Risk***

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2013, United Way's cash balance at one financial institution exceeded the insurance limit by \$48,719. United Way has not experienced any losses related to these cash balances.

The employee payroll deduction program of the State of Washington comprises approximately 7.2% and 6.50% of annual campaign pledges for the years ended June 30, 2013 and 2012, respectively. Intel comprises approximately 19.0% and 20.1% of annual campaign pledges for the years ended June 30, 2013 and 2012, respectively.

**NOTE 2 - CERTIFICATES OF DEPOSIT**

Certificates of deposit are valued at cost plus interest earned. The certificates of deposit with various maturities from January 2014 through July 2015 have interest rates ranging from 0.20% to 0.75%.

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable consist of unconditional promises to give. All amounts are expected to be received within one year.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Equipment and furniture	\$ 123,881	\$ 122,599
Less accumulated depreciation	<u>81,478</u>	<u>66,240</u>
Property and Equipment - Net	\$ <u>42,403</u>	\$ <u>56,359</u>

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

#### NOTE 5 - COMMUNITY FOUNDATION ENDOWMENTS

United Way has established endowment funds with the Community Foundation of South Puget Sound (the "Foundation"). The Foundation shall control the invested assets. Under the agreement with the Foundation, distributions are available to United Way for purposes of acquiring or renovating a capital asset or in the event of unexpected financial need that is not expected to recur. Distributions of investment income, when available, will be made at least annually to the United Way.

The cost and market values of the investments are as follows:

	<u>Cost</u>	<u>Estimated Market Value</u>	<u>Unrealized Gain</u>
Invested Endowment as of June 30, 2013	\$ <u>195,573</u>	\$ <u>226,551</u>	\$ <u>30,978</u>
Invested Endowment as of June 30, 2012	\$ <u>185,698</u>	\$ <u>205,794</u>	\$ <u>20,096</u>

Activity in the Endowment Funds is as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Balance, beginning of the year	\$ 205,794	\$ 204,178
Net investment earnings	<u>20,757</u>	<u>1,616</u>
Balance, end of year	\$ <u>226,551</u>	\$ <u>205,794</u>

#### NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$623,076 will be available for fiscal year 2014 when the time restriction (net campaign pledges received for future periods and grants) is met. Additional temporarily restricted net assets of \$40,752 are available for the Early Learning program.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Time restrictions (net campaign pledges received for future period and grants with time restrictions) satisfied were \$536,184 and \$490,737 for the years ended June 30, 2013 and 2012, respectively.

**UNITED WAY OF THURSTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013 and 2012

**NOTE 7 - OPERATING LEASES**

United Way has operating leases for office space and a copier with noncancelable terms expiring in May 2015 and June 2014, respectively. Minimum net rental commitments under these noncancelable leases for future periods ending June 30 are as follows:

2014	\$ 52,601
2015	<u>45,125</u>
	\$ <u>97,726</u>

Rent expense for 2013 and 2012 was \$54,359 and \$48,498, respectively.

**NOTE 8 - PENSION PLAN**

United Way has established a Simplified Employee Pension Plan available to all permanent employees when certain eligibility requirements are met. The United Way may make discretionary contributions. For the year ended June 30, 2013 and 2012, United Way made contributions to the plan of \$18,613 and \$18,482, respectively.

**NOTE 9 - SPECIAL EVENTS**

The United Way sponsors projects which were value-added services to the community. The intention was to have expenses met by the contributions specifically solicited for the project. Special events include the Day of Caring, Straight from the Heart, Power of the Purse and an Annual Luncheon. Revenues and expenses from these projects consist of the following for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Revenue	\$ 116,660	\$ 116,687
Expenses	<u>54,913</u>	<u>36,414</u>
	\$ <u>61,747</u>	\$ <u>80,273</u>