

**BEAUFORT COUNTY UNITED WAY, INC.**  
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**For the Years Ended March 31, 2016 & 2015**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Beaufort County United Way  
Washington, NC

We have reviewed the accompanying financial statements of Beaufort County United Way (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of March 31, 2016, and the related statements of support, revenues, and expenses - modified cash basis, the statements of functional expenses – modified cash basis and the statements of cash flows – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

### **Supplementary Information**

The 2016 supplementary information included in the schedules of charities program services expenses – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

### **Prior Year Financial Statements and Supplementary Information**

The 2015 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated August 15, 2015. In addition, the 2015 supplementary information contained in the schedules of charities program services expenses – modified cash basis was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on either the financial statements or on the supplementary information since August 12, 2015.

*Seiler, Singleton & Associates, P.A.*

Washington, NC 27889

August 1, 2016

FINANCIAL STATEMENTS

**Beaufort County United Way, Inc.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**As of March 31, 2016 & 2015**

<b>ASSETS</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 486,674	\$ 167,017
Sales tax receivable (net)	<u>169</u>	<u>256</u>
<b>Total Current Assets</b>	<u>486,843</u>	<u>167,273</u>
<b>FIXED ASSETS</b>		
Property and equipment	17,465	17,465
Less: accumulated depreciation	<u>(12,805)</u>	<u>(9,511)</u>
<b>Net Fixed Assets</b>	<u>4,660</u>	<u>7,954</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 491,503</u></u>	<u><u>\$ 175,227</u></u>
 <b>CURRENT LIABILITIES</b>		
Payroll taxes accrued and withheld payable	\$ 1,613	\$ 1,177
Other payables	<u>750</u>	<u>1,000</u>
<b>Total Current Liabilities</b>	<u>2,363</u>	<u>2,177</u>
<b>Total Liabilities</b>	<u>2,363</u>	<u>2,177</u>
<b>NET ASSETS</b>		
Unrestricted	<u>489,140</u>	<u>173,050</u>
<b>Total Net Assets</b>	<u>489,140</u>	<u>173,050</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 491,503</u></u>	<u><u>\$ 175,227</u></u>

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.  
**STATEMENTS OF SUPPORT, REVENUE AND EXPENSES**  
**MODIFIED CASH BASIS**  
For the Years Ended March 31, 2016 & 2015

	<u>2016</u>	<u>2015</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and other support		
Contribution income	\$ 272,611	\$ 222,208
Fundraising income	10,248	0
Investment income	171	159
Total revenue and other support	283,030	222,367
Net assets released from restrictions	11,363	70,930
Functional Expenses		
Program services	234,817	246,532
Management and general	32,581	30,605
Fundraising expenses	44,846	31,063
Total functional expenses	312,244	308,200
<b>Increase (decrease) in unrestricted net assets</b>	(17,851)	(14,903)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Revenue and other support		
Contribution income	11,363	70,930
Net assets released from restrictions	(11,363)	(70,930)
<b>Increase (decrease) in temporarily restricted net assets</b>	0	0
<b>NET INCREASE(DECREASE) IN NET ASSETS BEFORE EXTRAORDINARY ITEM</b>	(17,851)	(14,903)
Extraordinary item - one-time contribution	333,941	0
<b>INCREASE(DECREASE) IN NET ASSETS</b>	316,090	(14,903)
<b>NET ASSETS</b>		
Beginning of year	173,050	187,953
End of year	\$ 489,140	\$ 173,050

See accompanying notes and independent accountant's review report.

**Beaufort County United Way, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2016 & 2015**

<b>For the Year Ended March 31, 2016</b>				
	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
Charities	\$ 212,336	\$ 0	\$ 0	\$ 212,336
Campaign expense	0	0	4,459	4,459
Fundraising expense	0	0	10,225	10,225
Advertising	0	0	189	189
Dues and subscriptions	0	5,006	0	5,006
Insurance	0	2,725	0	2,725
Postage and printing	79	79	105	263
Professional fees	3,098	3,098	4,130	10,326
Salaries	13,619	13,619	18,158	45,396
Office expenses	0	2,374	0	2,374
Payroll taxes	1,042	1,041	1,389	3,472
Licenses	60	60	80	200
Depreciation	988	988	1,318	3,294
Office lease	2,040	2,039	2,720	6,799
Miscellaneous	824	821	1,098	2,743
Maintenance	731	731	975	2,437
<b>Total Functional Expenses</b>	<b><u>\$ 234,817</u></b>	<b><u>\$ 32,581</u></b>	<b><u>\$ 44,846</u></b>	<b><u>\$ 312,244</u></b>

<b>For the Year Ended March 31, 2015</b>				
	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
Charities	\$ 225,752	\$ 0	\$ 0	\$ 225,752
Campaign expense	0	0	3,358	3,358
Dues and subscriptions	0	6,024	0	6,024
Insurance	0	2,359	0	2,359
Postage and printing	137	137	183	457
Professional fees	2,966	2,965	3,954	9,885
Salaries	12,569	12,570	16,759	41,898
Office expenses	0	1,444	0	1,444
Payroll taxes	962	961	1,282	3,205
Telephone	130	129	173	432
Licenses	60	60	80	200
Depreciation	721	721	961	2,403
Office lease	2,025	2,025	2,700	6,750
Miscellaneous	628	628	837	2,093
Maintenance	582	582	776	1,940
<b>Total Functional Expenses</b>	<b><u>\$ 246,532</u></b>	<b><u>\$ 30,605</u></b>	<b><u>\$ 31,063</u></b>	<b><u>\$ 308,200</u></b>

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.  
**STATEMENTS OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
For the Years Ended March 31, 2016 & 2015

	<u>2016</u>	<u>2015</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net increase (decrease) in net assets	\$ 316,090	\$ (14,903)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	3,294	2,403
(Increase) Decrease in:		
Receivables	88	(119)
Increase (Decrease) in:		
Payables	(250)	1,000
Accrued payroll taxes	435	(104)
None		
 <b>Net Cash Provided By (Used In) Operating Activities</b>	 <u>319,657</u>	 <u>(11,723)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>0</u>	<u>(10,185)</u>
 <b>Net Cash Provided By (Used In) Investing Activities</b>	 <u>0</u>	 <u>(10,185)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 319,657	 (21,908)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>167,017</u>	<u>188,925</u>
 End of year	 <u>\$ 486,674</u>	 <u>\$ 167,017</u>

See accompanying notes and independent accountant's review report.



**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2016 & 2015**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Beaufort County United Way, Inc., (the Organization) was formed in 1961, under the name of the United Fund of Washington, Inc.

The Organization was formed to collect gifts, bequests, and donations for the maintenance and support of health, educational, welfare, and charitable institutions and agencies within Beaufort County, North Carolina. The Organization receives its revenues from donations by individuals, groups and from campaigns run at area businesses.

Sources of Revenue

The Organization receives a majority of its revenue through campaign donations run through area business.

Method of Accounting

The financial statements have been prepared on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment and related depreciation, notes payable, prepaid expenses and advances to employees in the accompanying statements of assets, liabilities and net assets - modified cash basis. In addition, certain in-kind donations are recorded in the accompanying statements of support, revenue, and expenses - modified cash basis.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Estimates

The preparation of financial statements on another comprehensive basis of accounting (modified cash-basis) requires management to make estimates and assumptions that

**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2016 & 2015**

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affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers cash on deposit, cash on hand, and certificates of deposits with original maturities less than one year, to be cash equivalents.

Property and Equipment

Property and equipment of the Organization are recorded at cost and depreciated over their estimated useful lives using straight-line basis. Depreciation expense for the years ended March 31, 2016 and 2015 were \$3,294 and \$2,403 respectively. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Donations of property, equipment, and materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific 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 support.

Compensated Absences

It is the policy of Beaufort County United Way, Inc. to allow full-time employees to accrue vacation at the rate of one week per year.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with fund-raising, special projects and office duties. The volunteer hours have not been recorded in the statement of activities.

Income Taxes

The Organization received recognition and approval of tax-exempt status from the Internal Revenue Service, under Section 501(c)(3) of the Internal Revenue Code, in September 1971. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This interpretation prescribes a minimum probability threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits

**BEAUFORT COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended March 31, 2016 & 2015**

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of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. The Organization's tax returns remain open for three years for federal and state income tax examinations.

2. OPERATING LEASE

The Organization operated under a written lease agreement dated on October 1, 2012 for \$400 per month. The Organization entered into an updated sublease agreement beginning January 1, 2014 with the Mid-East Commission. This operating lease is for \$425 per month and is a twelve-month lease. On January 16, 2015 the Organization entered into an updated sublease for \$450 per month and is a twelve-month lease. This new monthly amount includes telephone and internet services. The rental expense for March 31, 2016 and 2015 year was \$5,000 and \$5,175, respectively.

3. CONCENTRATIONS

The Organization receives a large portion of its income from campaigns run in Beaufort County, North Carolina. The Organization received 81% and 75% of its revenue for the fiscal year ended March 31, 2016 and 2015, respectively, from businesses in Beaufort County.

The Organization receives a large portion of its contributions from campaigns run through PotashCorp Aurora. The Organization received 66% and 61% of its revenue for the fiscal year ended March 31, 2016 and 2015, respectively, from PotashCorp Aurora.

4. EXTRAORDINARY ITEM

The Organization received a one-time contribution of \$333,941 from an estate for the year ended March 31, 2016.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 1, 2016, the date which the financial statements were available to be issued.

**Beaufort County United Way, Inc.**  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
Alzheimers Association	\$ 547	\$ 0
American Cancer Society	87	57
American Red Cross - BCC	7,000	7,960
American Red Cross - Coastal	3,221	1,198
Angels N Camo	13,058	12,791
Animal Rescue Foundation	0	102
BSA-Eastern CA Council	6,147	0
Beaufort Co. 4-H Club	9	18
Beaufort Co. Meals on Wheels	1,224	221
Beaufort Co. Mental Health	4,000	5,297
Beaufort County Humane Society	87	313
Belhaven Senior Center	3,000	4,020
Blind Center	0	20
Blounts Creek Fire Department	432	259
Boy Scouts East Carolina Counc	0	5,634
Boys & Girls Club	10,000	9,235
Boys & Girls Club - Pitt Co	18	0
Bread of Life Outreach Ministries	6,200	6,653
Canines for Service	144	227
Carolina Pregnancy Center	648	453
Children's Home Society/NC	204	401
Coastal Car Delta Waterfowl	432	0
Coastal Conservation Association	0	261
Coastal Pregnancy	0	204
Coastal Women's Shelter	216	1,202
Colonial Capit Humane	605	605
Core Sounds Decoy Carvers Guild	907	0
Craven Literacy Council	180	108
Crime Stoppers	562	828
Domestic Violence Unif Comm	90	0
Eagles Wings	14,867	12,706
East Caolina Wildfowl Guild	0	216
First Free Will Baptist Church	432	0
Food Bank of the Albemarle	8,250	11,483
Freedom for Friends	900	0
Friends of Cozumel Humane Society	519	518
Girl Scouts	2,500	2,781
Good News Outreach Food Pantry	0	130
Grace Martin Harwell Senior Centra	3,000	3,558
Greenville Community Shelter	0	90
Habitat for Humanity	400	4,969
Habitat for Humanity - New Bern	432	432
Habitat for Humanity - Pamlico	259	259
Habitat for Humanity - Washington Co	0	432

See independent accountant's review report.

**Beaufort County United Way, Inc.**  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
Higher Heights	2,000	5,575
Home Health & Hospic Care 3HC	35	0
Hope Clinic	2,264	293
Hope Lodge	0	432
Hospice of Pamlico County	432	432
Journey of Hope Fdn	360	0
Literacy Volunteers	5,000	6,409
Marion L. Shepard Cancer	34	343
Masonic Home - Chldr of Oxford	87	45
Meals on Wheels-Beaufort County	402	0
New Bern Food Bank-Eastern NC	2,750	0
PAL	5,000	5,760
PAWS	0	180
Pamlico Babe Ruth Leag	0	1,382
Pamlico Christian Academy	4,066	3,200
Pamlico County 4-H	167	558
Pamlico County Horseman's Association	0	86
Pamlico Fishes/Loaves	90	1,170
Pamlico Historical Society	259	0
Pamlico Pals	4,300	5,853
Pitt Co Habitat for Humanity	259	0
Pitt County Family Violence	0	45
Project Next Step	0	102
Promise Place	1,166	0
Purpose of God Annex	7,000	9,003
Real Crisis Intervention	4,300	3,983
Relay for Life - Beaufort Coun	437	0
Religious Community Service	316	18
Reviving Lives Ministries	666	0
Ronald McDonald House	1,247	684
Ruth's House	4,385	5,113
SANE	0	24
Salvation Army	26,518	33,446
Salvation Army - Coastal Carolina	1,107	994
Senior Citizens/Hyde Co	45	0
Special Olympics NC (B/H)	0	53
St. Jude Children's Hospital	368	477
St. Vincent DePaul Conference	540	540
Still Waters Mental Health	0	45
Sudan Shriners	432	432
The ARC of Craven County	0	259
The Arc	7,400	8,447
The Zion Shelter	4,600	5,260
USO-World Headquarters	0	45
UW- Central Carolinas	0	432

See independent accountant's review report.

Beaufort County United Way, Inc.  
**SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE**  
**MODIFIED CASH BASIS**  
**For the Years Ended March 31, 2016 & 2015**

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	<u>2016</u>	<u>2015</u>
United Negro College Fund	0	44
United Way of Albemarle Area	424	432
United Way of Coastal Carolina	24,168	19,907
United Way of Lenoir/Greene	0	224
United Way of Martin County	288	237
United Way of Pitt County	1,680	4,021
Unity Christian Academy	1,166	1,080
V Foundation for Cancer Research	1,521	1,296
Wounded Warrior Project	3,352	1,404
Young Life on the Pamlico	1,128	346
<b>TOTAL CHARITIES PROGRAM SERVICES EXPENSE</b>	<u>\$ 212,336</u>	<u>\$ 225,752</u>

See independent accountant's review report.

