

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013 AND JUNE 30, 2012**

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## Independent Auditors' Report

Board of Directors  
United Way of Lake and  
Sumter Counties, Inc.  
Leesburg, Florida

We have audited the accompanying consolidated statement of financial position of United Way of Lake and Sumter Counties, Inc. (a non-profit corporation) and Lake and Sumter Counties United Way Foundation, Inc. (a non-profit corporation) as of June 30, 2013 and the related consolidated statements of support and revenue, expenses, and changes in net assets, cash flows and functional expenses for the year then ended.

### **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 upon 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 of material misstatement.

An audit involves performing procedures to obtain 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 the management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lake and Sumter Counties, Inc. and Lake and Sumter United Way Foundation, Inc. as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the United Way of Lake and Sumter Counties, Inc and Lake and Sumter United way Foundation, Inc. as of June 30, 2012 consolidated financial statements, and our report dated October 31, 2012 expressed an unmodified opinion on those financial statements. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects with the audited financial statements from which it has been derived.

*Huliday, Baird H, PA*

November 1, 2013

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2013  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	6/30/2013			6/30/2012
	Unrestricted	Temporarily Restricted	Total	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 715,463	\$ 215,974	\$ 931,437	\$ 881,753
Prepaid Expenses	1,385		1,385	1,399
Deposits	4,950		4,950	5,525
Investments	85,224	158,299	243,523	41,284
Contribution Receivable-Trust		-	-	443,497
Other Receivables	1,250		1,250	-
Unconditional Promises to Give:				
Net of Uncollectible				
Allowance of \$102,054		414,557	414,557	413,238
			-	
<b>Total Current Assets</b>	<b>808,272</b>	<b>788,830</b>	<b>1,597,102</b>	<b>1,786,696</b>
<b>Noncurrent Assets</b>				
Investments	357,514	253,475	610,989	490,603
Property and Equipment, Net of Accumulated Depreciation of \$30,256 (Note 1)	492,826		492,826	14,985
<b>Total Noncurrent Assets</b>	<b>850,340</b>	<b>253,475</b>	<b>1,103,815</b>	<b>505,588</b>
<b>Total Assets</b>	<b>\$ 1,658,612</b>	<b>\$ 1,042,305</b>	<b>\$ 2,700,917</b>	<b>\$ 2,292,284</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 31,146		\$ 31,146	\$ 43,139
Designated Contributions Payable	16,914	\$ 101,472	118,386	121,828
Allocations Payable	336,000		336,000	525,000
Current Portion of Long Term Debt	11,702		11,702	
<b>Total Current Liabilities</b>	<b>395,762</b>	<b>101,472</b>	<b>497,234</b>	<b>689,967</b>
Long Term Debt, Net of Current	342,664		342,664	-
<b>Total Liabilities</b>	<b>738,426</b>	<b>101,472</b>	<b>839,898</b>	<b>689,967</b>
<b>Net Assets</b>	<b>920,186</b>	<b>940,833</b>	<b>1,861,019</b>	<b>1,602,317</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,658,612</b>	<b>\$ 1,042,305</b>	<b>\$ 2,700,917</b>	<b>\$ 2,292,284</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF SUPPORT AND REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	6/30/2013			6/30/2012
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue				
Current Year Campaign Contributions				
Net of Uncollectibles of \$100,424	\$ 586,370	\$ 477,900	\$ 1,064,270	\$ 1,073,871
Contribution- Trust		7,957	7,957	456,770
Grant Income	55,209	6,000	61,209	74,300
Energy Program	40,066		40,066	38,239
Investment Return	6,326		6,326	9,959
Special Event, Net of Costs				30,272
Sponsorship Revenue	550		550	12,419
Miscellaneous, Net of Costs	5,333		5,333	10,585
Total Contributions and Revenues	<u>693,854</u>	<u>491,857</u>	<u>1,185,711</u>	<u>1,706,415</u>
Net Assets Released from Restrictions				
Prior year Campaign Contributions	<u>544,176</u>	<u>(544,176)</u>		
Total Public Support and Revenue	1,238,030	(52,319)	1,185,711	1,706,415
Allocations and Expenses				
Allocations to Agencies and Participating Groups	370,271		370,271	611,410
Unallocated Payments to Affiliates	13,639		13,639	13,086
Total Allocations	<u>383,910</u>	<u>-</u>	<u>383,910</u>	<u>624,496</u>
Functional Expenses				
Program Services				
Financial Stability	100,503		100,503	115,132
211 Program	64,840		64,840	76,259
Agencies and Other	73,538		73,538	54,624
Total Program Services	<u>238,881</u>	<u>-</u>	<u>238,881</u>	<u>246,015</u>
Supporting Services				
Fund Raising	139,090		139,090	134,618
Management and General	165,128		165,128	135,669
Total Supporting Services	<u>304,218</u>	<u>-</u>	<u>304,218</u>	<u>270,287</u>
Total Functional Expenses	<u>543,099</u>	<u>-</u>	<u>543,099</u>	<u>516,302</u>
Total Allocations and Functional Expenses	<u>927,009</u>	<u>-</u>	<u>927,009</u>	<u>1,140,798</u>
Change in Net Assets	311,021	(52,319)	258,702	565,617
Net Assets, Beginning of Year	<u>609,165</u>	<u>993,152</u>	<u>1,602,317</u>	<u>1,036,700</u>
Net Assets, End of Year	<u>\$ 920,186</u>	<u>\$ 940,833</u>	<u>\$ 1,861,019</u>	<u>\$ 1,602,317</u>

The Accompanying Notes are an Integral  
Part of These Financial Statements

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	6/30/2013	6/30/2012
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 258,702	\$ 565,617
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	10,936	4,422
Loss on Disposal of Assets	929	-
(Decrease) Increase in Accounts Payable and Accrued Expenses	(11,993)	24,247
(Decrease) Increase in Allocations Payable	(189,000)	175,000
(Decrease) in Designated Contributions Payable	(3,442)	(14,278)
(Increase) in Unconditional Promise to Give-Campaign	(1,319)	(23,564)
Decrease (Increase) in Contribution Receivable-Trust	443,497	(443,497)
(Increase) in Other Receivable	(1,250)	-
Decrease (Increase) in Deposits	575	(2,000)
Decrease in Prepaid Expenses	14	1,998
Net Cash Provided by Operating Activities	507,649	287,945
Cash (Used) in Investing Activities		
Short Term Investments	(202,239)	-
Purchase of Long Term Investments, Net Property and Equipment	(120,386)	(317,905)
	(489,706)	(2,411)
Net Cash (Used) in Investing Activities	(812,331)	(320,316)
Cash Provided in Financing Activities		
Proceeds from Long Term Debt	359,000	-
Repayments of Long Term Debt	(4,634)	-
Net Cash Provided in Financing Activities	354,366	-
Net Increase (Decrease) in Cash	49,684	(32,371)
Cash Beginning of Year	881,753	914,124
Cash End of Year	\$ 931,437	\$ 881,753

The Accompanying Notes are an Integral  
Part of These Financial Statements

THE UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	6/30/2013						6/30/2012	
	Program Services			Supporting Services			Total Services	Total Services
	211 Program	Agencies and Other	Total Program	Fund Raising	Management & General	Total Supporting		
Financial Stability								
Employee Compensation	\$ 36,792	\$ 17,428	\$ 42,602	\$ 96,822	\$ 70,846	\$ 139,330	\$ 236,152	\$ 231,154
Salaries								
Payroll Taxes	3,086	1,462	3,574	8,122	5,942	11,686	19,808	17,514
Retirement	1,905	903	2,206	5,014	3,669	7,216	12,230	11,291
Insurance	6,806	3,224	7,881	17,911	13,106	25,775	43,686	41,969
Total Employee Compensation	48,589	23,017	56,263	127,869	93,563	184,007	311,876	301,928
Other Expenses								
Advertising	1,348		406	1,754		4,757	6,511	4,857
Insurance	491	232	568	1,291	945	1,859	3,150	3,527
Professional Fees	2,371	1,123	2,746	6,240	4,566	8,980	15,220	14,048
Supplies	36,327	152	400	36,879	984	2,559	39,438	35,065
Contract Services		47,566		47,566		-	47,566	60,795
Interest Expense	1,057	501	1,224	2,782	2,036	4,004	6,786	-
Postage	423	78	205	706	504	1,311	2,017	2,516
Printing	5,442	195	349	5,986	1,087	6,857	12,843	4,944
Rental and Maintenance	389	184	450	1,023	748	1,471	2,494	2,922
Occupancy	6,605	3,128	7,647	17,380	12,717	25,010	42,390	29,679
Telephone	903	428	1,045	2,376	1,738	3,418	5,794	6,875
Travel	2,487	456	1,201	4,144	2,961	7,698	11,842	7,717
Sponsorship Expenses			12,265	12,265		-	12,265	16,349
Training	1,544	188	474	2,206		-	2,206	7,736
Other Expenses	1,522	721	1,761	4,004	2,929	5,761	9,765	12,922
Total Other Expenses	60,909	54,952	30,741	146,602	31,215	73,685	220,287	209,952
Total Expenses Before Depreciation	109,498	77,969	87,004	274,471	124,778	257,692	532,163	511,880
Depreciation	1,704	807	1,973	4,484	3,281	6,452	10,936	4,422
Total Functional Expenses	\$ 111,202	\$ 78,776	\$ 88,977	\$ 278,955	\$ 128,059	\$ 264,144	\$ 543,099	\$ 516,302

The Accompanying Notes are an Integral  
Part of These Financial Statements



UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

This summary of significant accounting policies of United Way of Lake and Sumter Counties, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Business

United Way of Lake and Sumter Counties, Inc. is a non-profit agency committed to raising funds through an annual campaign fund drive to help support other non-profit agencies within the community of Lake and Sumter Counties, Florida. All funds are allocated through a volunteer allocation committee of the Organization to be disbursed to the various agencies for the July through June period.

The Organization's programs include assistance in funding a human care network whereby families within the surrounding county area are provided food through various distribution centers and a prosperity program which provides free tax preparation service for federal income tax returns for those individuals that meet certain parameters. These programs are reflected in the statement of functional expenses under financial stability.

The Organization also responds to the human services needs within the Lake and Sumter counties. The United Way facilitates the integration of the social service system within the counties providing a forum for social service providers, funders and customers to store and access information to meet each of their needs. The United Way developed a telephone information service known as 2-1-1 Community Information and Referral (2-1-1). The Public Service Commission has designated 2-1-1 as the three digit dialing code nationwide for access to community human service information and referral.

Lake and Sumter Counties United Way Foundation is a non-profit organization committed to provide continuing support for the United Way of Lake and Sumter Counties, Inc.

Principles of Consolidation

The consolidated financial statements of the United Way of Lake and Sumter Counties, Inc. include the Lake and Sumter Counties United Way Foundation, Inc. Both entities have common directors and the foundation supports the United Way, thus the statements are consolidated. All significant inter-organization balances and transactions have been eliminated in consolidation.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No.117, Financial Statements for Not-for-Profit Organizations. Under SFAS No.117, the Organization is required to report information regarding its financial position and support and revenue, and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. No permanently restricted net assets were held during the period ended June 30, 2013 and June 30, 2012 and accordingly, these financial statements do not reflect any activity related to this class of net assets for June 30, 2013 and June 30, 2012.

Contributions and Pledges Receivable

Pledges less an allowance for uncollectible amounts, based on actual experience rates, are recorded as support in the year made. Contributions received for future years are recorded as temporarily restricted net assets. When that restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

No amounts have been reported in the financial statements for donated services other than those that are considered professional in nature. A substantial number of volunteers have donated significant amounts of their time in the Organization's fund raising campaigns and administration.

Property and Equipment

Property and Equipment are recorded at cost. Depreciation is computed under the straight-line method at rates based on an estimated useful life of five years for equipment, furniture and fixtures, forty years for buildings, twenty five years for building improvements and fifteen years for land and leasehold improvements. It is the Organization's policy to capitalize property and equipment costing over \$200.00. Lesser amounts are expensed.

Functional Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates of time spent on each function. These estimates have been made by the Organization's management.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Tax Exempt Status

The Organizations are exempt from Federal Income Tax under Section 501(c) (3) of the U. S. Internal Revenue Code and neither one are private foundations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent Events

The Organization has evaluated transactions after year end up to the date of the report of November 1, 2013 and has determined that no additional transactions or disclosures are necessary as a result of that evaluation.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows.

Designated Transfers

Transfers from donors that are designated for other non-profit entities are treated as liabilities when received under the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 136, accounting for transfers that are not contributions. These are reflected in the financial statements as designated contributions payable.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts at a high quality financial institution. The balance, at times, may exceed federally insured limits which are \$250,000 for each interest bearing account. At June 30, 2013 these limits were exceeded by \$541,654.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

**NOTE 2- INVESTMENTS:**

Investments are stated at fair value. Fair Values at June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Certificates of Deposit	\$ 596,232	\$ 522,087
Common Stock	12,318	9,800
Index and Mutual Funds	191,227	
Bank Deposit Sweep Accounts	54,735	
	<u>\$ 854,512</u>	<u>\$ 531,887</u>

The investments in common stock as well as the index and mutual funds are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could affect the amounts reported in the financial statements of the Organization.

The net investment income at June 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Interest and Dividends	\$ 8,029	\$ 10,574
Unrealized Loss on Investment	(1,703)	(615)
	<u>\$ 6,326</u>	<u>\$ 9,959</u>

**NOTE 3 – PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following:

	<u>6/30/13</u>	<u>6/30/12</u>
Land	\$ 34,416	
Building	380,100	
Building Improvements	60,000	
Leasehold Improvements	1,923	\$ 346
Land Improvements	13,300	
Equipment	27,961	27,561
Furniture & Fixtures	<u>5,382</u>	<u>6,222</u>
	\$ 523,082	\$ 34,129
Accumulated Depreciation	<u>(30,256)</u>	<u>(19,144)</u>
	<u>\$ 492,826</u>	<u>\$ 14,985</u>

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Financial Accounting Standards Board Account Standards Codification, ASC 820, Fair Value Measurements and Disclosures defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

The Statement establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement of the hierarchy.

The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs). Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level II. Fair value of privately held debt, and equity securities, including venture capital investments, are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level III. Such methodologies include reviewing the value ascribed to the most recent financing, comparing the security with securities of publicly traded companies in a similar line of business, and reviewing the underlying financial performance including estimated discounted cash flows.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2012

The following tables summarize fair value measurement by level at June 30, 2013 and 2012 for investments measured at fair value on a recurring basis:

**2013**

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level II)	Unobservable Inputs (Level III)	
Certificate of Deposit	\$ 596,232	\$ -	\$ -	\$ 596,232
Common Stock	12,318	-	-	12,318
Index and Mutual Funds;				
Other Bond Funds	33,242			33,242
Treasury Bond Funds	24,805			24,805
Value Stock Funds	29,005			29,005
Growth Stock Funds	23,433			23,433
Preferred Stock Fund	9,781			9,781
Other Mutual Stock Funds	17,429			17,429
Emerging Markets Stock Funds	10,707			10,707
High Yield Bond Fund	7,701			7,701
Intermediate Corporate Bond Fund	15,191			15,191
Short Term Corporate Bond Fund	19,933			19,933
Bank Sweep Accounts	54,735			54,735
	<u>\$ 854,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,512</u>

**2012**

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level II)	Unobservable Inputs (Level III)	
Certificate of Deposit	\$ 522,087	\$ -	\$ -	\$ 522,087
Common Stock	9,800			9,800
	<u>\$ 531,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,887</u>

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 JUNE 30, 2013 and 2012

**NOTE 5 - LEASE AGREEMENT:**

The United Way's facilities are leased under a non-cancellable operating lease expiring March 31, 2014 with the Lake and Sumter Counties United Way Foundation. As of June 30, 2013, the following schedule reflects the future minimum rental payments required under this lease:

Year Ending	Amount
<u>June 30</u>	
2014	\$23,400

**NOTE 6 – LONG TERM DEBT:**

The Organization's long term debt consists of the following:

	<u>6/30/13</u>	<u>6/30/12</u>
Mortgage Note Payable to United Southern Bank, due in monthly installments of \$2,284, including interest at 4.5% for the first 5 years, then adjusted to the 5 year treasury rate plus 3.25% secured by property, matures January 2033	\$ 354,366	\$ 0
Less: Current Portion	<u>(11,702)</u>	<u>0</u>
	<u>\$ 342,664</u>	<u>\$ 0</u>

Future Scheduled maturities of mortgage note payable are as follows:

Year Ending June 30 :		Amount
2014		\$ 11,702
2015		12,239
2016		12,802
2017		13,390
2018 and there after		<u>304,233</u>
		<u>\$ 354,366</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:**

The temporarily restricted net assets of the Organization are contributions with donor imposed stipulations. These stipulations are removed with the passage of time for current campaign contributions, which are contributions raised for the next calendar year or by expending the donated funds for the purpose specified. Temporarily restricted net assets consisted of the following:

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 JUNE 30, 2013 and 2012

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS, continued:**

	6/30/2013	6/30/2012
Unconditional Promise to Give-Current Campaign	\$ 445,391	\$ 510,483
Unconditional Promise to Give-Future Campaign	32,509	27,058
Disaster Program Special Situations	5,479	5,479
Investments- Foundation	451,454	0
Grants	6,000	6,635
Contribution Receivable-Trust	0	443,497
Total	<u>\$ 940,833</u>	<u>\$ 993,152</u>

**NOTE 8 – UNRESTRICTED NET ASSETS:**

Unrestricted net assets are available for the following purposes:

	6/30/2013	6/30/2012
General Operating	\$ 820,186	\$ 509,165
Board Designated Reserve	100,000	100,000
	<u>\$ 920,186</u>	<u>\$ 609,165</u>

**NOTE 9 - RELATED PARTIES:**

Lake and Sumter Counties United Way Foundation (United Way Foundation) is a separate not-for-profit organization with a board of directors composed of members from the United Way of Lake and Sumter Counties, Inc. board. The Foundation was formed in January 1985 for the purpose of supporting the United Way of Lake and Sumter Counties, Inc.

A summary of assets and liabilities of the Lake and Sumter Counties United Way Foundation as of June 30, 2013, is as follows:

ASSETS

Cash and Cash Equivalents	\$ 75,511
Deposits	2,550
Investment	411,774
Property, Net	481,821
	<u>\$ 971,656</u>



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LIABILITIES

Loan Payable - UWLS		\$ 5,000
Mortgage Payable		354,366
	Total Liabilities	<u>\$ 359,366</u>

NET ASSETS

Unrestricted-Net Assets		\$ 160,836
Temporarily Restricted-Net Assets		451,454
	Total Net Assets	<u>\$ 612,290</u>

A condensed summary of operations for the year ended June 30, 2013, is as follows:

Contributions		\$ 22,957
Investment Return		1,468
Rent		7,800
Unrealized loss on Investment		(1,703)
Expenditures		<u>(18,115)</u>
Change in Net Assets		12,407
Net Assets, July 1, 2012		<u>599,883</u>
Net Assets, June 30, 2013		<u>\$ 612,290</u>

**NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS:**

The methods and assumptions used to value the Organization's financial instruments at fair value are set forth below:

Cash – carrying amounts for cash approximate fair value.

Money Market Funds – carrying amounts for Money Market Funds approximate fair value.

Unconditional Promise to Give – carrying amounts for unconditional promises to give approximate fair value.

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**NOTE 11 – UNCONDITIONAL PROMISE TO GIVE CONCENTRATION:**

The Organization for the pledge campaign year of 2012/2013 had temporarily restricted promises to give of \$516,611. One donor accounted for \$290,064 or 56% of this amount.

**NOTE 12 - TAX DEFERRED GROUP ANNUITY:**

The Organization established a tax deferred group annuity contract or a 403(b) Thrift plan with Mutual of America Life Insurance Company effective February 1, 2004. Participants can defer amounts under the law through this contract. At June 30, 2013 and June 30, 2012, three employees participated in this contract.

- a) Eligibility – The plan covers any employee for employee contributions. All employees that are at least 18 years of age are eligible for matching contributions and employer base contributions. In addition employees must have been employed for 12 months and work at least 30 hours per week.
- b) Funding Policy – The Organization contributes 3% of the annual compensation, as defined in the contract, of each eligible participant to Mutual of America on a monthly basis. In addition the Organization matches 100% of employee contributions up to 3% of compensation.
- c) Vesting – Employees are 100% vested in their contributions. Employer contributions are vested at a rate of 20% per year with full vesting after five years of service.
- d) Loans- Participants can borrow 50% of their vested balances up to \$50,000. Loans must be repaid within five years.

**NOTE 13 – CONTRIBUTION RECEIVABLE – TRUST**

The United Way is the 10% remainder beneficiary of the Marjorie E. Hockett Trust. This receivable is valued at 10% of the value of the trust as of the end of June 2012. The gift is restricted for the explicit use for the Family Emergency Services of the United Way of Lake and Sumter Counties, Inc. The Foundation has invested these monies and are reflected as temporarily restricted assets under note seven.