

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

JUNE 30, 2013 AND 2012

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Douglas Wilson & Company, P.C.

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Douglas WILSON
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Great Falls, Montana

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of United Way of Cascade County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years 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 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 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 United Way of Cascade 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.

Douglas Wilson + Company, P.C.

Great Falls, Montana
October 17, 2013

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	6/30/13	6/30/12
ASSETS		
Cash	\$ 269,936	\$ 226,041
Certificates of Deposit	54,735	104,616
Accounts Receivable	19,820	19,304
Interest Receivable	-	100
Pledges Receivable less Allowance for Uncollectible Pledges of \$45,000 and \$45,000	307,600	271,412
Prepaid Expenses	-	213
Beneficial Interest in Perpetual Trust	49,744	46,719
Cash Surrender Value of Life Insurance	66,547	62,490
Equipment	30,791	30,791
Less: Accumulated Depreciation	(29,000)	(28,105)
Total Assets	\$ 770,173	\$ 733,581

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	\$ 4,745	\$ 5,110
Payroll Taxes Payable	6,731	4,741
Accrued Vacation	15,460	12,435
Allocations Payable to Service Providers	419,730	393,796
Due to Designated Service Providers	123,019	116,434
Deferred Revenue	10,000	14,000
Total Liabilities	579,685	546,516
Net Assets:		
Unrestricted:		
Undesignated	6,430	6,954
Designated for Operating Reserve	110,346	110,346
Permanently Restricted	73,712	69,765
Total Net Assets	190,488	187,065
Total Liabilities and Net Assets	\$ 770,173	\$ 733,581

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:				
Gross Campaign Revenue - Current Period	\$ -	1,093,549	\$ -	\$ 1,093,549
Less: Donor Designations	-	(345,366)	-	(345,366)
Bad Debt Expense	-	(30,507)	-	(30,507)
Net Available for Allocations and Operations	-	717,676	-	717,676
Contributions Released from Restrictions:				
Current Period Contributions	717,676	(717,676)	-	-
Net Campaign Revenue	717,676	-	-	717,676
Grant Revenue	-	14,000	-	14,000
Gain (Loss) from Perpetual Trust	-	-	3,025	3,025
Cash Surrender Value of Life Insurance	3,135	-	922	4,057
Interest and Investment Income	5,141	-	-	5,141
Contract Service Reimbursement/CFC	16,321	-	-	16,321
Donated Services	11,034	-	-	11,034
Other Support Released from Restrictions	14,000	(14,000)	-	-
Total Revenue	<u>767,307</u>	<u>-</u>	<u>3,947</u>	<u>771,254</u>
Allocations and Other Functional Expenses:				
Program Services:				
Allocations to Service Providers	413,605	-	-	413,605
Other Program Services	132,524	-	-	132,524
Supporting Services	221,702	-	-	221,702
Total Expenses	<u>767,831</u>	<u>-</u>	<u>-</u>	<u>767,831</u>
Change in Net Assets	(524)	-	3,947	3,423
Net Assets, Beginning of Year	<u>117,300</u>	<u>-</u>	<u>69,765</u>	<u>187,065</u>
Net Assets, End of Year	<u>\$ 116,776</u>	<u>\$ -</u>	<u>\$ 73,712</u>	<u>\$ 190,488</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:				
Gross Campaign Revenue - Current Period	\$ -	\$ 1,063,382	\$ -	\$ 1,063,382
Less: Donor Designations	-	(352,589)	-	(352,589)
Bad Debt Expense	-	(41,426)	-	(41,426)
Net Available for Allocations and Operations	-	669,367	-	669,367
Contributions Released from Restrictions:				
Current Period Contributions	669,367	(669,367)	-	-
Net Campaign Revenue	669,367	-	-	669,367
Gain (Loss) from Perpetual Trust	-	-	(3,112)	(3,112)
Cash Surrender Value of Life Insurance	89	-	1,143	1,232
Interest and Investment Income	5,433	-	-	5,433
Contract Service Reimbursement/CFC	16,349	-	-	16,349
Donated Services	11,144	-	-	11,144
Total Revenue	<u>702,382</u>	<u>-</u>	<u>(1,969)</u>	<u>700,413</u>
Allocations and Other Functional Expenses:				
Program Services:				
Funds Allocated to Service Providers	393,796	-	-	393,796
Emergency Allocations	7,150	-	-	7,150
Other Program Services	109,215	-	-	109,215
Supporting Services	190,562	-	-	190,562
Total Expenses	<u>700,723</u>	<u>-</u>	<u>-</u>	<u>700,723</u>
Change in Net Assets	<u>1,659</u>	<u>-</u>	<u>(1,969)</u>	<u>(310)</u>
Net Assets, Beginning of Year	123,069	-	71,734	194,803
Prior Period Adjustment	(7,428)	-	-	(7,428)
Net Assets, Beginning of Year, Restated	<u>115,641</u>	<u>-</u>	<u>71,734</u>	<u>187,375</u>
Net Assets, End of Year	<u>\$ 117,300</u>	<u>\$ -</u>	<u>\$ 69,765</u>	<u>\$ 187,065</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>6/30/13</u>	<u>6/30/12</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,423	\$ (310)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation Expense	895	2,930
(Increase) Decrease in Beneficial Interest in Perpetual Trust	(3,025)	3,113
(Increase) Decrease in Cash Surrender Value of Life Insurance	(4,057)	(1,232)
(Increase) Decrease in Accounts Receivable	(416)	(2,371)
(Increase) Decrease in Pledges and Designations Receivable	(36,188)	5,276
Adjustments to Reconcile Change in Net Assets to	213	3,516
Increase (Decrease) in Accounts Payable	(365)	(2,318)
Increase (Decrease) in Payroll Taxes Payable	5,015	3,140
Increase (Decrease) in Deferred Revenue	(4,000)	14,000
Increase (Decrease) in Allocations and Designations Payable	32,519	30,283
Net Cash Provided by Operating Activities	<u>(5,986)</u>	<u>56,027</u>
Net Increase in Cash	(5,986)	56,027
Cash at Beginning of Year	<u>330,657</u>	<u>274,630</u>
Cash at End of year	<u>\$ 324,671</u>	<u>\$ 330,657</u>

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2013

	Program Services					Supporting Services			Total
	Service Provider Relations	Community Initiative	Education & Technical Assistance	Total Program Services	General & Admin.	Fund Raising & Campaign	Contract Services Combined Federal Campaign	Total Supporting Services	
Salaries	\$ 38,510	\$ -	\$ 23,839	\$ 62,349	\$ 60,515	\$ 60,515	\$ 11,388	\$ 132,418	\$ 194,767
Payroll Taxes	3,052	-	1,889	4,941	4,796	4,796	854	10,446	15,387
Employee Benefits	5,470	-	3,386	8,856	8,595	8,595	1,993	19,183	28,039
	47,032	-	29,114	76,146	73,906	73,906	14,235	162,047	238,193
United Way of America Dues	9,490	-	-	9,490	-	-	-	-	9,490
Dues and Subscriptions	410	-	254	664	644	644	-	1,288	1,952
Computer Expense	612	-	379	991	961	961	-	1,922	2,913
Insurance	310	-	192	502	486	486	-	972	1,474
Education Initiative	-	16,946	-	16,946	-	-	-	-	16,946
Transportation	1,640	-	1,015	2,655	2,578	2,578	-	5,156	7,811
Miscellaneous	633	-	392	1,025	994	994	-	1,988	3,013
Meeting Expense	669	-	414	1,083	1,051	1,051	-	2,102	3,185
Occupancy	1,503	-	930	2,433	2,361	2,361	1,545	6,267	8,700
Office Supplies	387	-	239	626	606	606	-	1,212	1,838
Postage	196	-	121	317	307	307	-	614	931
Professional Fees	4,213	-	2,608	6,821	6,620	6,620	-	13,240	20,061
Campaign Printing and Advertising	5,037	-	3,118	8,155	7,916	7,916	-	15,832	23,987
Equipment Repair and Maintenance	1,410	-	873	2,283	2,216	2,216	-	4,432	6,715
Telephone	1,286	-	796	2,082	2,020	2,020	-	4,040	6,122
Training	-	-	-	-	-	-	-	-	-
Depreciation	189	-	116	305	295	295	-	590	895
Total	\$ 75,017	\$ 16,946	\$ 40,561	\$ 132,524	\$ 102,961	\$ 102,961	\$ 15,780	\$ 221,702	\$ 354,226

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY
GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2012

	Program Services				Supporting Services				Total
	Service Provider Relations	Community Initiative	Education & Technical Assistance	Total Program Services	General & Admin.	Fund Raising & Campaign	Contract Services Combined Federal Campaign	Total Supporting Services	
Salaries	\$ 30,326	\$ -	\$ 18,773	\$ 49,099	\$ 47,655	\$ 47,655	\$ 11,388	\$ 106,698	\$ 155,797
Payroll Taxes	2,366	-	1,465	3,831	3,718	3,718	854	8,290	12,121
Employee Benefits	4,533	-	2,806	7,339	7,123	7,123	1,993	16,239	23,578
	37,225	-	23,044	60,269	58,496	58,496	14,235	131,227	191,496
United Way of America Dues	10,220	-	-	10,220	-	-	-	-	10,220
Dues and Subscriptions	382	-	236	618	600	600	-	1,200	1,818
Computer Expense	396	-	245	641	622	622	-	1,244	1,885
Insurance	309	-	191	500	485	485	-	970	1,470
Interest	-	-	-	-	-	-	-	-	-
Education Initiative	-	8,950	-	8,950	-	-	-	-	8,950
Transportation	1,278	-	791	2,069	2,009	2,009	-	4,018	6,087
Miscellaneous	450	-	279	729	708	708	-	1,416	2,145
Meeting Expense	462	-	286	748	726	726	-	1,452	2,200
Occupancy	1,338	-	828	2,166	2,103	2,103	1,545	5,751	7,917
Office Supplies	379	-	230	609	584	584	-	1,168	1,777
Postage	1,124	-	696	1,820	1,766	1,766	-	3,532	5,352
Professional Fees	4,306	-	2,665	6,971	6,766	6,766	-	13,532	20,503
Campaign Printing and Advertising	4,939	-	3,057	7,996	7,761	7,761	-	15,522	23,518
Equipment Repair and Maintenance	814	-	504	1,318	1,279	1,279	-	2,558	3,876
Telephone	1,089	-	674	1,763	1,712	1,712	-	3,424	5,187
Training	514	-	318	832	807	807	-	1,614	2,446
Depreciation	615	-	381	996	967	967	-	1,934	2,930
Total	\$ 65,840	\$ 8,950	\$ 34,425	\$ 109,215	\$ 87,391	\$ 87,391	\$ 15,780	\$ 190,562	\$ 299,777

See accompanying notes to the financial statements.

UNITED WAY OF CASCADE COUNTY
GREAT FALLS, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- A. Nature of Activities** - United Way of Cascade County (UWCC) is a non-profit corporation whose purpose is to mobilize community resources to meet priority human service needs. UWCC establishes and fosters partnerships to impact and improve education, income and health for the citizens of Great Falls and Cascade County. As one key strategy, UWCC funds programs through local organizations that demonstrate results aligning with these 3 community level issues. The resources and revenues raised are from individuals and businesses within Cascade County.
- B. Method of Accounting** - The financial statements of UWCC have been prepared utilizing the accrual basis of accounting.
- C. Financial Statement Presentation** - UWCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, UWCC is required to present a statement of cash flows.
- D. Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.
- E. Donor-Imposed Restrictions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.
- When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.
- F. Promises to Give/Pledges** - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. All unconditional promises to give are expected to be collected within one year. Conditional promises to give are not included as support until such time as the conditions are substantially met.
- G. Furniture and Equipment** - All expenditures for furniture and equipment and the fair value of donated items in excess of \$1,000 are capitalized. Purchased equipment is recorded at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

Furniture and Fixtures	5 - 10 Years
Equipment	3 - 5 Years

- H. **Donated Materials and Services** - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. Donated services relate to media and advertising services received. Total value of donated services recognized as revenue and expense for the years ended June 30, 2013 and 2012 are \$11,034 and \$11,144, respectively.
- I. **Fund Raising** - UWCC conducts its annual campaign in September through December of each fiscal year. Non-designated support raised is allocated to participating service providers in that same year; however, payments of these allocations do not begin until July 1 of the next fiscal year. Pledges receivable are recorded in the balance sheet, and allowances are provided for amounts estimated to be uncollectible. Allocations are recorded as payables at the time UWCC informs the service providers of the amount they will receive. Designated support raised during the same campaign period is paid to service providers quarterly beginning April 1 of that year.
- J. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- K. **Income Tax Status** - UWCC qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for federal and state income taxes. For the years prior to 2010 the organization's tax returns are generally no longer subject to examination.
- L. **Cash and Cash Equivalents** - For the statement of financial position and statement of cash flows, cash and cash equivalents are defined as all monies in petty cash, checking, savings, money market accounts and certificates of deposit.
- M. **Pledges Receivable** - Pledges receivable are due from donors who have promised to give money to UWCC. The allowance for doubtful accounts balance is the maximum amount reasonably expected to be uncollectible. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their pledge obligations. Receivables are considered uncollectible after they have been outstanding for one year.
- N. **Subsequent Events:** Accounting standards establish principles setting forth the period after the balance sheet date during which management is required to evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. The company has evaluated subsequent events through October 17, 2013, which is the date the financial statements were available to be issued.

NOTE 2: OPERATING LEASE:

UWCC is leasing office space on a month-to-month lease.

Rent expense was \$4,800 and \$4,800 for the years ended June 30, 2013 and 2012, respectively.

In May, 2013, UWCC signed a new five year lease agreement to occupy different office space. UWCC expects to move into and start paying the new rent during the fiscal year ended June 14, 2013. Annual rent expense per the new lease agreement is as follows.

\$10,200 for the first twelve month period
 \$11,400 for the second twelve month period
 \$12,900 for the third twelve month period
 \$14,400 for the fourth twelve month period
 \$15,900 for the fifth twelve month period

NOTE 3: CERTIFICATES OF DEPOSIT:

As of June 30, 2013 and 2012, certificates of deposit reflected in cash and cash equivalents are as follows:

	<u>6/30/13</u>		<u>6/30/12</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
Certificate of Deposit	2.50%	\$ 18,443	2.50%	\$ 18,379
Certificate of Deposit	2.45%	18,534	2.45%	18,534
Certificate of Deposit	2.00%	17,758	2.00%	17,703
Certificate of Deposit	0.35%	-	0.35%	50,000
Total		<u>\$ 54,735</u>		<u>\$ 104,616</u>

NOTE 4: SCHEDULE OF ALLOCATIONS PAYABLE TO SERVICE PROVIDERS:

Service Provider Allocations:	<u>6/30/13</u>	<u>6/30/12</u>
Alliance for Youth	\$ 29,500	\$ 28,370
Big Brothers and Big Sisters	34,000	28,800
Boys and Girls Club	18,000	18,000
Campfire Inc.	1,000	2,000
CASA-CAN	27,000	25,000
Cascade County Law Clinic	11,000	22,000
Dandelion Foundation	-	10,000
Eagle Mount	15,000	10,000
Foster Grandparents	18,000	18,750
GFPS Literacy Program	3,000	-
Great Falls Children's Receiving Home	22,500	16,000
Great Falls Senior Center	8,000	8,000
Heisey Memorial Youth Center	3,880	7,760
Job Service WoRC	-	2,000
Kairos Youth Services	30,000	32,500
Meals on Wheels	29,000	29,016
Opportunities Inc. Emergency Shelter	43,875	34,500
Peace Place Respite Care	8,000	3,000
Rural Dynamics	17,000	11,100

	<u>6/30/13</u>	<u>6/30/12</u>
Service Provider Allocations (Continued):		
St. Vincent DePaul	7,500	8,000
RSVP	8,500	10,000
Student Assistance Foundation	1,350	-
Voices of Hope	17,500	22,000
YWCA Mercy Home	30,000	20,000
Young Parents' Education Center	30,000	27,000
Total	<u>\$ 413,605</u>	<u>\$ 393,796</u>

NOTE 5: EMPLOYEE BENEFIT PLANS:

Employee benefit plans consist of contributions to a SEP. All employees age 21 or older earning \$450 or more per year with one year or more of service are eligible to participate. Contributions are based on nine percent of the employees' salaries. Contributions were \$14,419 and \$11,223 for the years ended June 30, 2013 and 2012, respectively.

NOTE 6: PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are restricted to investments in perpetuity. Earnings from the related investments held in perpetuity will support unrestricted programs and operations.

NOTE 7: MONTANA COMMUNITY FOUNDATION:

UWCC has an interest in endowed funds of the Montana Community Foundation. Donors can give directly to the Montana Community Foundation for the benefit of UWCC, or donors give to UWCC which transfers the assets to the Montana Community Foundation. There are three funds held at the Montana Community Foundation for the benefit of UWCC. The Montana Community Foundation has variance power over the assets of two of these funds and they are not recorded on the books of UWCC. The third fund is an "agency" account held on behalf of UWCC and this fund is recorded on UWCC's balance sheet as a "Beneficial Interest in Perpetual Trust." Variance power is not granted to the Montana Community Foundation on this fund. The value shown on UWCC's balance sheet is the present value of estimated future cash flows to be received. UWCC has used the fair market value of the funds for this measurement. The Montana Community Foundation periodically distributes funds to UWCC based on earnings of the endowments. These distributions are unrestricted and shown as investment income in the statement of activities. Distributions to UWCC were \$5,678 and \$5,438 for the years ended June 30, 2013 and 2012, respectively.

NOTE 8: DESIGNATED FOR OPERATING RESERVE:

UWCC's policy is to maintain a minimum of three months or 25% of the Central Services Budget (CSB) up to a maximum of six months or 50% of the Central Services Budget.

UWCC has designated \$110,346 (30.7% of CSB) and \$110,346 (34.1% of CSB) for 2013 and 2012, respectively, to be held in reserve when adverse economic conditions occur and contributions fall to the point that the most essential needs of the community are in danger. An example would be a disaster occurring which is beyond the capability of the funded services to absorb within their regular budgets and local funds are not available for use to meet a pressing community need.

NOTE 9: GROSS CAMPAIGN RECEIVABLE:

Under industry standards, the UWCC is required to include in revenue funds raised from separate federal and state campaigns if the UWCC administers those campaigns. Amounts from these campaigns included in revenue and donor designations for the years ended June 30, 2013 and 2012 were \$136,802 and \$164,260 respectively.

NOTE 10: PRIOR PERIOD ADJUSTMENT:

Certain accounts were restated for the year ended June 30, 2012 to account for United Way America dues in the proper period. United Way America dues expense was decreased \$2,318, accounts payable was increased \$5,110 and the beginning net assets was decreased \$7,428.