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**Audited Financial Statements  
of  
United Way of Phelps County  
For the Periods Ended September 30, 2015 & 2014**

**Kean & Company, LLC  
Certified Public Accountants  
PO Box 876, 704 West 2<sup>nd</sup> Street  
Rolla, Missouri 65402**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
United Way of Phelps County

We have audited the accompanying financial statements of the United Way of Phelps County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, 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 the United Way of Phelps County as of September 30, 2015 and 2014, 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.

*Kean + Company, LLC*

Kean & Company, LLC  
Rolla, Missouri  
January 5, 2016

**United Way of Phelps County  
Statement of Financial Position  
as of September 30, 2015 and 2014**

	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 32,368	\$ 45,036
Contributions Receivable	13,028	14,754
Allowance for Doubtful Accounts	(3,200)	(6,085)
<b>Total Current Assets</b>	<u>42,196</u>	<u>53,705</u>
<b>TOTAL ASSETS</b>	<u>\$ 42,196</u>	<u>\$ 53,705</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ -	\$ 951
Payroll Liabilities	499	340
<b>Total Current Liabilities</b>	<u>499</u>	<u>1,291</u>
<b>Net Assets</b>		
Unrestricted	<u>41,697</u>	<u>52,414</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 42,196</u>	<u>\$ 53,705</u>

See accompanying notes to financial statements.

**United Way of Phelps County**  
**Statement of Activities**  
**Years ended September 30, 2015 and 2014**

	<u>Oct '14- Sep '15</u>	<u>Oct '13- Sep '14</u>
<b>Revenue</b>		
<b>Public Support and Revenue</b>		
2013 Contributions	-	732
2014 Contributions	491	103,973
2015 Contributions	108,958	2,010
<b>Total Public Support and Revenue</b>	<u>109,449</u>	<u>106,715</u>
Golf tournament Income	5,952	-
Luncheon - Kickoff Income	-	450
Interest Income	30	19
Other Income	2,797	3,450
<b>Total Revenue</b>	<u>118,228</u>	<u>110,634</u>
<b>Expenses</b>		
<b>Program Services</b>		
2013 Fund Allocation	-	16,552
2014 Fund Allocation	13,134	74,793
2015 Fund Allocation	82,573	-
<b>Total Program Services</b>	<u>95,707</u>	<u>91,345</u>
<b>Supporting Services</b>		
Audit	3,250	3,250
Membership Dues	1,567	1,509
Postage	63	252
Fundraising	1,925	2,362
Supplies	2,289	1,020
Golf Tournament Expense	2,685	-
Kickoff Luncheon	-	-
Payroll & Payroll Taxes	15,786	14,513
Uncollected Pledges	214	2,028
Miscellaneous	5,459	4,259
<b>Total Supporting Services</b>	<u>33,238</u>	<u>29,193</u>
<b>Total Expense</b>	<u>128,945</u>	<u>120,538</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	(10,717)	(9,904)
<b>Other Income/Expense</b>		
<b>Other Income</b>		
Combined Federal Campaign Reimbursements	5,239	33,526
<b>Other Expense</b>		
Combined Federal Campaign Expenses	(5,239)	(33,109)
<b>Net Other Income</b>	<u>-</u>	<u>417</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	(10,717)	(9,487)
<b>Net assets, Beginning of Year</b>	52,414	61,901
<b>Net Assets, End of Year</b>	<u>\$ 41,697</u>	<u>\$ 52,414</u>

See accompanying notes to financial statements.

**United Way of Phelps County  
Statement of Functional Expenses  
For the Year Ended September 30, 2015**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>Expenses</b>				
Advertising & Promotion	\$ 933	\$ -	\$ -	\$ 933
Audit	-	3,250	-	3,250
Bank & Credit Card Fees	309	-	-	309
CFC Expenses	5,239	-	-	5,239
Dues	1,567	-	-	1,567
Fundraising & Campaign	-	-	5,348	5,348
Insurance	-	-	-	-
Miscellaneous	3,083	-	-	3,083
Office Expenses & Postage	2,352	-	-	2,352
Payroll & Payroll taxes	11,050	2,368	2,368	15,786
Program Allocations	95,707	-	-	95,707
Travel	396	-	-	396
Uncollectible Pledges	214	-	-	214
<b>Total</b>	<b>\$ 120,850</b>	<b>\$ 5,618</b>	<b>\$ 7,716</b>	<b>\$ 134,184</b>

See accompanying notes to financial statements.

**United Way of Phelps County  
Statement of Functional Expenses  
For the Year Ended September 30, 2014**

	<b>Program Expenses</b>	<b>Administrative Expenses</b>	<b>Fundraising Expenses</b>	<b>Total Expenses</b>
<b>Expenses</b>				
Advertising and Promotion	\$ 280	\$ -	\$ -	\$ 280
Audit	-	3,250	-	3,250
Bank and Credit Card Fees	325	-	-	325
CFC Expenses	33,109	-	-	33,109
Dues	1,509	-	-	1,509
Fundraising	-	-	3,133	3,133
Insurance	1,484	-	-	1,484
Miscellaneous	804	-	-	804
Office Expenses	1,272	-	-	1,272
Payroll and Payroll taxes	10,161	2,176	2,176	14,513
Program Allocations	91,345	-	-	91,345
Travel	595	-	-	595
Uncollectible Pledges	2,028	-	-	2,028
<b>Total</b>	<b>\$ 142,912</b>	<b>\$ 5,426</b>	<b>\$ 5,309</b>	<b>\$ 153,647</b>

See accompanying notes to financial statements.

**United Way of Phelps County  
Statement of Cash Flows  
For the year ended September 30, 2015**

<b>OPERATING ACTIVITIES</b>	
Decrease in Net Assets	\$ (10,717)
Adjustments to reconcile Net Income to net cash provided by operations:	
Decrease (Increase) in Contributions Receivable	1,725
Increase (Decrease) in Allowance For Doubtful Accounts	(2,884)
Increase (Decrease) in Accounts Payable	(951)
Increase (Decrease) in Payroll Liabilities	159
Net cash provided by Operating Activities	<u>(12,668)</u>
Net cash provided by operating activities	(12,668)
Cash at beginning of period	<u>45,036</u>
Cash at end of period	<u><u>\$ 32,368</u></u>

See accompanying notes to financial statements.



**UNITED WAY OF PHELPS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization was incorporated in 1957 for the purpose of assisting the Phelps County area service organizations on the basis of need, cost effectiveness, the number of people an organization serves, and how much the organization serves Phelps County. In 2015 the Organization changed its name from the United Way of South Central Missouri to the United Way of Phelps County.

***Pledges and Public Support***

The Organization follows SFAS No. 116, *Accounting for Contributions Received and Contributions Made* in that pledges are recorded as public support contributions in the year pledged, even if the pledge is paid in a later fiscal year.

***Program Services***

Fund allocations to approved agencies are paid at intervals when a substantial amount has been collected from pledges for that particular fund year.

***Income Taxes***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

***Property and Equipment***

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

***Financial Statement Presentation***

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**UNITED WAY OF PHELPS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

***Contributions***

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

***Subsequent Events***

Subsequent events have been evaluated through January 5, 2016, which is the date the financial statements were available to be issued.

***Allowance for Doubtful Accounts***

The Organization does not expect to collect all funds that have been pledged, and have estimated their uncollectible pledges to be approximately \$3,200 as of September 30, 2015. The estimation of the allowance is based off the Organization's historical trends of uncollectible pledges and management expectations. Actual results could vary from the estimate used.

**2. DONATED MATERIALS AND SERVICES**

No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns. The Rolla Area Chamber of Commerce donates their office facilities for administrative and clerical use.

**3. USE OF 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 vary from the estimates that were used.

**UNITED WAY OF PHELPS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**4. RELATED ORGANIZATION**

The United Way of Phelps County was providing administrative services for The Combined Federal Campaign, a local non-profit organization, during the fiscal years ending September 30, 2014. All funds expended for the Combined Federal Campaign were reimbursed by that organization. The Combined Federal Campaign collected donations from military personnel for the United Way and remitted those funds to United Way of Phelps County. The fee for the administrated services totaled approximately \$950 for the years ended September 30, 2014. The Combined Federal Campaign receivable balance was paid off as of September 30, 2014. The contract for administrative services between the United Way of Phelps County and The Combined Federal Campaign expired in 2014.



To the Board of Directors and Management of:  
United Way of Phelps County  
Rolla, Missouri

In planning and performing our audit of the financial statements of the United Way of Phelps County as of and for the years ended September 30, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the United Way of South Central Missouri's internal control to be significant deficiencies:

#### Organizational Structure

The size of the Organization's accounting and administrative staff preclude certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review.

Contributions and other forms of revenue could be automatically sent to a lockbox. In this case the Organization's mail would be forwarded to their bank. The bank would open all mail, deposit any checks, and send a report of deposits to the Executive Director.

Pre-numbered pledge cards could be implemented to better track pledges that are made.

We wish to thank the Organization for their support and assistance during our audit.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Kean & Company, LLC  
Rolla, Missouri  
January 5, 2016



January 5, 2016

To the Board of Directors of  
United Way of Phelps County

We have audited the financial statements of the United Way of Phelps County for the years ended September 30, 2015 and 2014, and have issued our report thereon dated January 5, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the United Way of Phelps County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015 or 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts is based on historical trends and management estimates. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the related organization in Note 4 to the financial statements, which describes the services provided to the Combined Federal Campaign and that those services ceased in 2014.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 5, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of the United Way of Phelps County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Kean & Company, LLC". The signature is written in a cursive, flowing style.

Kean & Company, LLC