

Heart of Missouri United Way, Inc.  
Columbia, Missouri

Financial Statements and  
Independent Auditors' Report

December 31, 2013 and 2012

Marberry & Eagle, P.C.  
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414 East Broadway, Suite 200  
Columbia, Missouri

**Heart of Missouri United Way, Inc.  
Columbia, Missouri**

**Table of Contents**

Independent Auditors' Report

**Financial Statements**

Statements of Financial Position	1
Statements of Activities	2-3
Statements of Cash Flows	4
Notes to Financial Statements	5-14

**Supplementary Information**

Schedules of Functional Expenses	15-16
Schedules of Allocations	17



**Marberry & Eagle<sup>PC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report**

To the Board of Directors  
of Heart of Missouri United Way, Inc.

We have audited the accompanying financial statements of the Heart of Missouri United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on 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 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 auditors' 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 Heart of Missouri United Way, Inc. as of December 31, 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.

## Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses and allocations on pages 15-17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marberry & Eagle P.C.*

Marberry & Eagle, P.C.  
Certified Public Accountants  
Columbia, Missouri  
April 9, 2014

**Heart of Missouri United Way, Inc.**  
**Statements of Financial Position**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 650,100	\$ 1,189,028
Certificates of Deposit	239,000	239,000
Pledges Receivable, 2013-14 Campaign (Net of Allowance for Uncollectibles of \$205,585)	2,260,031	-
Pledges Receivable, 2012-13 Campaign (Net of Allowance for Uncollectibles of \$229,972)	196,942	2,523,017
Pledges Receivable 2011-12 Campaign (Net of Allowance for Uncollectibles of \$314,403)	-	248,753
Receivable from Combined Federal Campaign	13,296	14,304
Investment - stock	5,820	5,820
Other Receivables	903	1,194
Accrued Interest Receivable	32	880
Prepaid Expenses	71,751	38,464
<b>Total Current Assets</b>	<u>3,437,875</u>	<u>4,260,460</u>
<b>Fixed Assets:</b>		
Equipment	145,107	218,760
Less: Accumulated Depreciation	83,438	138,287
<b>Net Fixed Assets</b>	<u>61,669</u>	<u>80,473</u>
<b>Endowment Fund:</b>		
Donor Restricted	134,570	108,160
Board Designated	116,428	100,916
<b>Total Endowment Fund</b>	<u>250,998</u>	<u>209,076</u>
<b>Total Assets</b>	<u>\$ 3,750,542</u>	<u>\$ 4,550,009</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 15,796	\$ 37,650
Other accruals	4,557	3,936
Allocations Payable - next fiscal year	1,934,971	2,155,158
Designations Payable - next fiscal year	107,735	127,113
Payroll Related Accruals	14,104	11,752
<b>Total Current Liabilities</b>	<u>2,077,163</u>	<u>2,335,609</u>
<b>Net Assets:</b>		
Unrestricted	1,077,397	1,410,786
Temporarily Restricted	485,582	703,314
Permanently Restricted	110,400	100,300
<b>Total Net Assets</b>	<u>1,673,379</u>	<u>2,214,400</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,750,542</u>	<u>\$ 4,550,009</u>

*See the accompanying notes to financial statements and independent auditors' report.*

**Heart of Missouri United Way, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>2013</u> <u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>Combined</u> <u>Total</u>
<b>Revenue and Other Support</b>				
Prior Period Contribution Shortfall	\$ (17,353)	-	-	(17,353)
Prior Period Designation Adjustment	5,895	-	-	5,895
Contributions Received in Prior Periods and Now Released from Restriction	693,212	(693,212)	-	-
Total Campaign for Current Period	681,754	(693,212)	-	(11,458)
Campaign Revenue Received for Next Allocation Period	2,465,432	461,398	-	2,926,830
Campaign Revenue Received for Next Allocation Period - Endowment Fund	-	-	10,100	10,100
Campaign Revenue - In Kind donations / services	28,250	-	-	28,250
Designations to Partner / Other Agencies	(107,735)	-	-	(107,735)
Provision for Uncollectible Pledges	(205,585)	-	-	(205,585)
Total Campaign	2,862,116	(231,814)	10,100	2,640,402
<b>Other Income</b>				
Tornado Relief Income	883	14	-	897
Realized Gains on Investments	18,822	20,116	-	38,938
Unrealized (Losses) on Investments	(4,025)	(4,400)	-	(8,425)
Interest Income	4,841	1,831	-	6,672
Grant Income	75,000	-	-	75,000
Lunch Money Program	2,884	-	-	2,884
Miscellaneous Income	39,605	-	-	39,605
In Kind donations / services	11,250	-	-	11,250
Dolly Parton's Imagination Library	37,509	-	-	37,509
Total Other Income	186,769	17,561	-	204,330
Other Net Assets Released from Restrictions	3,479	(3,479)	-	-
<b>Total Revenue and Other Support</b>	<b>3,052,364</b>	<b>(217,732)</b>	<b>10,100</b>	<b>2,844,732</b>
<b>Expenses</b>				
<b>Allocations:</b>				
Funds Allocated to Member Agencies for 2013	1,934,971	-	-	1,934,971
Tornado Relief Expense	886	-	-	886
Other Funding	202,180	-	-	202,180
UW 2-1-1 Info & Referral	5,000	-	-	5,000
Dolly Parton's Imagination Library	118,043	-	-	118,043
Other Community Initiatives Funding	27,466	-	-	27,466
Total Allocations	2,288,546	-	-	2,288,546
<b>Other Functional Expenses</b>				
Fundraising	431,861	-	-	431,861
Community Investment & Engagement	497,948	-	-	497,948
Administration & Management	163,443	-	-	163,443
Total Other Functional Expenses	1,093,252	-	-	1,093,252
Loss on Disposal of Assets	3,955	-	-	3,955
<b>Total Expenses</b>	<b>3,385,753</b>	<b>-</b>	<b>-</b>	<b>3,385,753</b>
Change in Net Assets	(333,389)	(217,732)	10,100	(541,021)
<b>Net Assets, Beginning of Year</b>	<b>1,410,786</b>	<b>703,314</b>	<b>100,300</b>	<b>2,214,400</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,077,397</b>	<b>\$ 485,582</b>	<b>\$ 110,400</b>	<b>\$ 1,673,379</b>

*See the accompanying notes to financial statements and independent auditors' report.*

**Heart of Missouri United Way, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	<b>2012</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Combined Total</b>
<b>Revenue and Other Support</b>				
Contributions Received in Prior Periods and Now Released from Restriction	\$ 979,617	\$ (979,617)	\$ -	\$ -
Total Campaign for Current Period	979,617	(979,617)	-	-
Campaign Revenue Received for Next Allocation Period	2,582,005	693,212	-	3,275,217
Campaign Revenue Received for Next Allocation Period - Endowment Fund	-	-	10,100	10,100
Campaign Revenue - In Kind donations / services	80,788	-	-	80,788
Designations to Partner / Other Agencies	(127,113)	-	-	(127,113)
Provision for Uncollectible Pledges	(299,839)	-	-	(299,839)
Total Campaign	3,215,458	(286,405)	10,100	2,939,153
<b>Other Income</b>				
Tornado Relief Income	82,301	1,140	-	83,441
Realized Gains on Investments	747	713	-	1,460
Unrealized Gains on Investments	8,995	5,181	-	14,176
Interest Income	7,356	1,966	-	9,322
Grant Income	75,000	-	-	75,000
Lunch Money Program	-	1,102	-	1,102
Miscellaneous Income	49,215	-	-	49,215
Dolly Parton's Imagination Library	40,682	-	-	40,682
Total Other Income	264,296	10,102	-	274,398
Other Net Assets Released from Restrictions	-	-	-	-
<b>Total Revenue and Other Support</b>	<b>3,479,754</b>	<b>(276,303)</b>	<b>10,100</b>	<b>3,213,551</b>
<b>Expenses</b>				
<b>Allocations:</b>				
Funds Allocated to Member Agencies for 2013	2,165,158	-	-	2,165,158
Tornado Relief Expense	85,061	-	-	85,061
Other Funding	81,399	-	-	81,399
UW 2-1-1 Info & Referral	6,868	-	-	6,868
Dolly Parton's Imagination Library	118,228	-	-	118,228
Other Community Initiatives Funding	85,811	-	-	85,811
Total Allocations	2,542,525	-	-	2,542,525
<b>Other Functional Expenses</b>				
Fundraising	334,971	-	-	334,971
Community Investment & Engagement	300,291	-	-	300,291
Administration & Management	318,551	-	-	318,551
Total Other Functional Expenses	953,813	-	-	953,813
(Gain) on Sale of Assets	(419)	-	-	(419)
<b>Total Expenses</b>	<b>3,495,919</b>	<b>-</b>	<b>-</b>	<b>3,495,919</b>
Change in Net Assets	(16,165)	(276,303)	10,100	(282,368)
<b>Net Assets, Beginning of Year</b>	<b>1,426,951</b>	<b>979,617</b>	<b>90,200</b>	<b>2,496,768</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,410,786</b>	<b>\$ 703,314</b>	<b>\$ 100,300</b>	<b>\$ 2,214,400</b>

*See the accompanying notes to financial statements and independent auditors' report.*

**Heart of Missouri United Way, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
(Decrease) in Net Assets	\$ (541,021)	\$ (282,368)
<b>Adjustments to Reconcile Increase in Net Assets to Cash</b>		
<b>Provided by Operating Activities:</b>		
Depreciation	21,792	22,744
Loss on Disposal of Fixed Assets	3,797	-
<b>(Increase) Decrease in Current Assets and Increase (Decrease)</b>		
<b>in Current Liabilities:</b>		
Pledges Receivable, Net	314,797	69,549
Accounts Receivable	1,008	(140)
Accrued Interest Receivable	848	(57)
Prepaid Expenses	(33,287)	(22,605)
Other Receivables	291	4,056
Allocations & Designations Payable	(239,565)	48,349
Accounts Payable and Accrued Liabilities	<u>(18,881)</u>	<u>12,165</u>
 <b>Net Cash (Used) by Operating Activities</b>	 <u>(490,221)</u>	 <u>(148,307)</u>
 <b>Cash Flows from Investing Activities:</b>		
Sale of Donated Stock	-	4,954
Redemptions of Certificates of Deposit	-	94,292
Endowment - Contributions & Income	(41,922)	(27,909)
(Purchase) of Fixed Assets	<u>(6,785)</u>	<u>(59,439)</u>
 <b>Net Cash Provided (Used) by Investing Activities</b>	 <u>(48,707)</u>	 <u>11,898</u>
 <b>Net (Decrease) in Cash and Cash Equivalents</b>	 (538,928)	 (136,409)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,189,028</u>	<u>1,325,437</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 650,100</u>	<u>\$ 1,189,028</u>
 Interest Paid	 <u>\$ -</u>	 <u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

*See the accompanying notes to financial statements and independent auditors' report.*



**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1: Summary of Significant Accounting Policies**

Organization

The Heart of Missouri United Way, Inc. coordinates local volunteers and other resources for agency evaluations, needs assessment, funds distribution, community problem solving, communications, strategic planning and fund raising. Volunteers ensure money is efficiently allocated by distributing funds among local agencies serving the Missouri Counties of Boone, Cooper, Howard, Callaway, Audrain, Randolph, and Cole. The financial statements have been prepared on the accrual basis of accounting.

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 the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Pledges and Related Expenses

Annual campaigns generally begin in August to raise support for allocations to member agencies in the subsequent calendar year. Campaign production (pledges) are recognized as public support revenue in the year in which the pledges are received.

Contributions

Contributions (pledges) received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Net time-restricted contributions received by the Organization in one fiscal year to be used in the next fiscal year are reported as temporarily restricted support when received and are then reclassified to unrestricted net assets upon expiration of the time restriction. All receivables are due in less than one year.

Allowance for Uncollected Accounts

Pledges receivable are stated net of an allowance for uncollected accounts. The Organization estimated the allowance based on its historical experience of the relationship between actual bad debts and net amounts pledged. The allowance for uncollected accounts for pledges receivable was \$205,585 and \$229,972 at December 31, 2013 and 2012, respectively.

Equipment and Depreciation

Donated equipment is recorded at appraised or estimated fair value. Purchased equipment is recorded at cost. Expenditures which significantly extend the useful lives of existing assets are capitalized. Repair and maintenance costs are charged to current operations.

Depreciation is provided by applying straight-line rates to the estimated useful lives of equipment from five to fifteen years.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash related to the Endowment Fund, held in a bank money market account and one certificate of deposit, are reported in the Endowment Fund balance and are not part of cash, because the Organization holds those funds as an endowment.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1: Summary of Significant Accounting Policies (continued)**

Income Tax Status

The Internal Revenue Service has ruled that the Organization is not subject to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Advertising

The Organization expenses advertising cost as they are incurred.

Functional Expense Allocations

Expenses are allocated to functional categories based on period records of staff time spent on the various functions.

Allocations Payable

The Organization annually allocates funds to its partner agencies. The Board of Directors approves the total amount of allocations to be distributed for the next fiscal year, provided the agencies are in compliance with agency agreements. Allocations are considered unconditional promises to give and are recognized in the fiscal year they are communicated to the agencies. Allocations payable recorded on the Balance Sheet are for 2013 commitments payable in 2014.

Designations Payable

The Organization honors designations to nonprofit partner agencies. In accordance with Generally Accepted Accounting Principles, these specified designations are not considered to be part of the allocations to member agencies and are deducted from the current campaign results to arrive at the net allocation expense in the financial statements. Designations payable recorded on the Balance Sheet are for 2013 commitments payable in 2014.

**Note 2: Fixed Assets**

Fixed assets are summarized as follows:

	<u>2013</u>	<u>2012</u>
Furniture, fixtures and equipment	\$ 145,107	\$ 218,760
Less accumulated depreciation	<u>(83,438)</u>	<u>(138,287)</u>
Net value	<u>\$ 61,669</u>	<u>\$ 80,473</u>

Depreciation expense was \$21,792 and \$22,744 in 2013 and 2012, respectively.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 3: Restricted Net Assets**

Temporarily Restricted

Temporarily restricted net assets represent donations for which donor stipulations that limit use for time period or purpose have not been met. At December 31, 2013 and 2012, temporarily restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Campaign Pledges for next fiscal year	\$ 461,398	\$ 693,212
Lunch Money Program	-	1,102
Tornado Relief	14	1,140
Earnings on Donor Restricted Endowment Fund	24,170	7,860
	<u>\$ 485,582</u>	<u>\$ 703,314</u>

Permanently Restricted

Permanently restricted net assets represent donations that are to be held for investment in the endowment account. At December 31, 2013 and 2012, permanently restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Donor Contributions to Endowment Fund	\$ 110,400	\$ 100,300

**Note 4: Endowment Funds**

On February 17, 2004, the Board of Directors approved the establishment of an Endowment Fund. The Fund shall have two components (funds): 1) a donor-restricted fund, and 2) a board-restricted fund (Quasi Endowment Fund) containing monies directed by the Board. The board-designated endowment and earnings are reported as a component of unrestricted net assets. Donor-designated endowment contributions are reported as permanently restricted net assets and earnings are reported as temporarily restricted net assets.

Details of the policies of the two Endowment funds are as follows:

**HMUW Endowment Fund:**

All gifts restricted by the donor to the endowment will be placed in the HMUW Endowment Fund. The HMUW Endowment Fund income is designed to support and sustain the mission of HMUW, but shall not be used for administrative costs or capital expenditures.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 4: Endowment Fund (continued)**

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies:*

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that will attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment fund investment performance will be evaluated regularly and reports made to the Board on a scheduled basis. The Fund's investment decisions should be made with a long-term perspective.

*Spending Policy:*

Until the endowment fund balances (Donor and Quasi Endowment fund) reach \$250,000, the income generated from the investments will be reinvested. Annually, the HMUW Board has the ultimate approval for use of the HMUW Endowment Fund and Quasi-Endowment Fund income, but may appoint committee(s) to make recommendations.

Once the \$250,000 fund balance is reached, income from the Endowment Fund may be used for any or all of the following:

- Stabilize HMUW against campaign fluctuations or downturns in the economy
- Fund special projects, initiatives, or community emergencies
- Increase annual funding of agency services beyond the annual campaign

*Funding Deficiencies*

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the Organization is required to retain in the fund. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and were \$-0- and \$-0- as of December 31, 2013 and 2012, respectively.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 4: Endowment Fund (continued)**

**HMUW Quasi Endowment Fund:**

These are funds which the Board, rather than the donor, has determined are to be retained and invested as endowments. As a general rule, unrestricted outright gifts, unrestricted bequests, distributions from charitable trusts, and other deferred gifts, where the donor has not restricted the use, may be placed in the HMUW Quasi Endowment Fund. The uses for HMUW Quasi Endowment Fund income are subject to the same policies that govern the HMUW Endowment Fund, with the exception that the income may be used for administrative costs or capital expenditures.

*Distributions:*

Income from the Quasi-Endowment Fund may be used for any or all of the following:

- Stabilize HMUW against campaign fluctuations or downturns in the economy
- Fund special projects, initiatives, or community emergencies
- Increase annual funding of agency services beyond the annual campaign
- Defray administrative costs
- Fund Capital expenditures

Income available for distribution on a calendar year basis is defined as 5% of a three-year rolling average of fund market value. (In the case of a new fund, 5% of market value in year one; 5% of the two-year average market value in year two).

Any investment income, which is not distributed in a particular calendar year, will be reinvested in the principal of the fund.

**Additional Endowment Disclosures:**

Donors may place additional restrictions on their endowment gifts, or allow the income from their endowment gift to be used for administrative and capital expenses, providing:

- The restrictions are compatible and supportive of HMUW's mission.
- A minimum gift of \$25,000 is required.
- The additional restrictions have been approved by the Gift Acceptance Committee. (GAC).
- The language used in creating such a gift should leave enough leeway to apply the gift to some other purpose if the designated purpose is no longer feasible. Such action would require a simple majority vote of the Board. In such cases, the Board will make an effort to identify and respect the donor's wishes as closely as is feasible.

On December 31, 2010, the Organization transferred their endowment funds to Greater Horizons, through its affiliate, the Community Foundation of Central Missouri. Two separate funds were established: the Heart of Missouri United Way Donor Directed Endowment Foundation and the Heart of Missouri Board Directed Endowment Foundation.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 4: Endowment Fund (continued)**

The composition of net assets by type of endowment fund at December 31, 2013 and 2012 were:

	<b>2013</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 24,170	\$ 110,400	\$ 134,570
Board-designated endowment funds	116,428	-	-	116,428
Total endowment funds	<u>\$ 116,428</u>	<u>\$ 24,170</u>	<u>\$ 110,400</u>	<u>\$ 250,998</u>

	<b>2012</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 7,860	\$ 100,300	\$ 108,160
Board-designated endowment funds	100,916	-	-	100,916
Total endowment funds	<u>\$ 100,916</u>	<u>\$ 7,860</u>	<u>\$ 100,300</u>	<u>\$ 209,076</u>

Changes in endowment net assets for the years ended December 31, 2013 and 2012, were:

	<b>2013</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment net assets, beginning of year	\$ 100,833	\$ 7,779	\$ 100,300	\$ 208,912
Investment return:				
Investment income	1,717	1,830	-	3,547
Realized Gains	18,822	20,116	-	38,938
Unrealized (Losses)	(3,860)	(4,400)	-	(8,260)
Administrative fees	(1,084)	(1,155)	-	(2,239)
Contributions	-	-	10,100	10,100
Endowment net assets, end of year	<u>\$ 116,428</u>	<u>\$ 24,170</u>	<u>\$ 110,400</u>	<u>\$ 250,998</u>

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 4: Endowment Fund (continued)**

	2012			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 90,967	\$ -	\$ 90,200	\$ 181,167
Investment return:				
Investment income	2,071	1,966	-	4,037
Realized Gains	747	713	-	1,460
Unrealized Gains	8,995	5,181	-	14,176
Administrative fees	(943)	(921)	-	(1,864)
Contributions	-	-	10,100	10,100
Endowment net assets, end of year	<u>\$ 101,837</u>	<u>\$ 6,939</u>	<u>\$ 100,300</u>	<u>\$ 209,076</u>

**Note 5: Concentrations of Credit Risk**

The Organization maintains its cash balances in financial institutions located in the central Missouri area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2013, all cash balances were fully insured by the FDIC.

**Note 6: Simplified Employee Pension Plan**

The Organization sponsors a Simplified Employee Pension (SEP) – Individual Retirement Account (IRA) Plan (the Plan) for its employees. Employees that have attained age 21 are eligible to participate in the Plan. Employer contributions are discretionary and totaled \$19,778 for the year ended December 31, 2013, and \$18,542 for the year ended December 31, 2012.

**Note 7: Voluntary Service Fee Support**

The Organization pays voluntary service fee support to the United Way of America. In return, it receives a variety of services including national coordination of pledges and advertising. Payment of service fees is subject to the discretion of the Heart of Missouri United Way's management and Board of Directors. Total fees paid to the United Way of America were \$34,200 for the year ended December 31, 2013, and \$34,861 for the year ended December 31, 2012.

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 8: Leases**

The Organization entered into a lease agreement with Professional Resources Development, Inc. for office space on January 9, 2009. The lease term is for five years beginning May 1, 2009, and terminating April 30, 2014. The Organization shall have the option to renew the lease another five years, provided they provide written notice of intent 180 days prior to the end of the lease.

The future minimum lease payments are as follows:

2014    \$22,094

Lease expense was \$72,694 and \$51,608 in 2013 and 2012, respectively.

**Note 9: Fair Value of Financial Instruments**

The Fair Value Measurements topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.



**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 9: Fair Value of Financial Instruments (continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for presenting assets that are required to be carried at fair value. There have been no changes in the methodologies used at December 31, 2013.

Money Market Accounts: The carrying value is a reasonable estimate of fair value.

Certificates of Deposit: The carrying value is a reasonable estimate of fair value.

Endowment Funds: Fund share prices are computed daily and are based upon the market value of the underlying securities owned by the fund.

Stocks: The fair value is based on quoted market prices for publicly traded securities and internal valuations for privately held companies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are required to be carried at fair value in the financial statements as of December 31, 2013 and 2012:

<b>Assets at Fair Value as of December 31, 2013</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Accounts	\$ 524,725	\$ -	\$ -	\$ 524,725
Certificates of Deposit	239,000	-	-	239,000
Endowment Funds	-	250,998	-	250,998
Stock	-	5,820	-	5,820
<b>Total Assets at Fair Value</b>	<u>\$ 763,725</u>	<u>\$ 256,818</u>	<u>\$ -</u>	<u>\$ 1,020,543</u>

<b>Assets at Fair Value as of December 31, 2012</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Accounts	\$ 917,738	\$ -	\$ -	\$ 917,738
Certificates of Deposit	239,000	-	-	239,000
Endowment Funds	-	209,076	-	209,076
Stock	-	5,820	-	5,820
<b>Total Assets at Fair Value</b>	<u>\$ 1,156,738</u>	<u>\$ 214,896</u>	<u>\$ -</u>	<u>\$ 1,371,634</u>

**Heart of Missouri United Way, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 9: Fair Value of Financial Instruments (continued)**

Valuation of Other Financial Instruments

Additionally, the Fair Value Measurements topic of the FASB Accounting Standards requires disclosure of fair value information about financial instruments whether or not recognized in the statement of financial position. The carrying amounts reflected in the balances sheets for cash, cash equivalents, pledges receivable, accounts payable and payroll liabilities approximate the respective fair values due to the short maturities of those instruments.

**Note 10: Combined Federal Campaign (CFC)**

The CFC is a program allowing certain charitable organizations to solicit contributions from employees of the federal government of the United States. The mission of the CFC is to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all federal employees the opportunity to improve the quality of life for all.

The Heart of Missouri United Way is the Principal Combined Fund Organization (PCFO), which administers the local CFC in the central Missouri area.

**Note 11: Subsequent Events**

Subsequent events have been evaluated through April 9, 2014, which was the date the financial statements were issued.

**Supplementary Information**

**Heart of Missouri United Way, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2012**

<u>Item</u>	<u>Fund</u> <u>Raising</u>	<u>Community</u> <u>Investment &amp;</u> <u>Engagement</u>	<u>Administration</u> <u>&amp;</u> <u>Management</u>	<u>Totals</u>
Salaries and Contracted Salaries	\$ 138,296	\$ 174,201	184,793	\$ 497,290
Employee Health Benefits	18,007	22,682	24,061	64,750
Pension Contributions	5,157	6,495	6,890	18,542
Other Employee Expenses	1,195	1,505	1,597	4,297
Payroll Taxes	<u>10,398</u>	<u>13,098</u>	<u>13,894</u>	<u>37,390</u>
Total Salaries and Related Expenses	<u>173,053</u>	<u>217,981</u>	<u>231,235</u>	<u>622,269</u>
Professional Fees	5,707	7,190	7,627	20,524
Office Supplies	1,320	1,664	1,765	4,749
Development Expenses	96,575	-	-	96,575
Telephone	2,477	3,121	3,311	8,909
Postage	3,153	3,972	4,214	11,339
Occupancy	14,352	18,078	19,178	51,608
Insurance	848	1,068	1,133	3,049
Rental and Maintenance of Equipment	14,326	18,044	19,141	51,511
Travel, Conferences and Meetings	5,120	6,449	6,841	18,410
Service Fee Support to United Way	9,695	12,212	12,954	34,861
Miscellaneous	<u>2,020</u>	<u>2,545</u>	<u>2,700</u>	<u>7,265</u>
Total Expenses Before Depreciation	328,646	292,324	310,099	931,069
Depreciation	<u>6,325</u>	<u>7,967</u>	<u>8,452</u>	<u>22,744</u>
Total Functional Expenses	<u>\$ 334,971</u>	<u>\$ 300,291</u>	<u>\$ 318,551</u>	<u>\$ 953,813</u>
Percentage	35.12%	31.48%	33.40%	100%

*See independent auditors' report.*

**Heart of Missouri United Way, Inc.**  
**Schedules of Allocations**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u> <sup>(1)</sup>	<u>2012</u> <sup>(2)</sup>
<b>Partner Agency Allocations:</b>		
Big Brothers/Big Sisters	60,848	67,609
Boonslick Heartland YMCA	16,391	17,192
Boys & Girls Club	126,000	140,000
Boys and Girls Town of Missouri	27,000	30,000
Columbia Housing Authority	62,136	69,040
Columbia Center for Urban Agriculture	67,502	75,002
Columbia Montessori	31,500	35,000
Family Counseling Center	198,687	220,763
Family Health Center	71,702	79,669
For His Glory, Inc.	46,123	51,248
Harrisburg Preschool & Daycare	58,500	65,000
Harvest House	16,301	17,098
Job Point	90,000	100,000
Love in the Name of Christ of Columbia	135,000	150,000
Lutheran Family & Children's Services	63,000	70,000
Mary Lee Johnston Early Learning Center	110,250	122,500
Mid-Missouri Legal Services Corporation	31,500	35,000
Nora Stewart Nursery School	117,000	130,000
Phoenix Programs, Inc.	97,526	108,362
Rainbow House	90,000	100,000
Services for Independent Living	45,833	50,925
The Food Bank for Central & Northeast Missouri	225,000	250,000
The Salvation Army	45,000	50,000
True North	40,500	45,000
United Community Builders	7,857	8,730
Unlimited Opportunities	36,108	37,872
University "Y"	6,300	7,000
Voluntary Action Center	72,000	80,000
Youth Empowerment Zone	47,142	52,380
<b>Total Partner Agency Allocations</b>	<u>\$ 2,042,706</u>	<u>\$ 2,265,390</u>
Less Designated Contributions	<u>\$ (107,735)</u>	<u>\$ (110,232)</u>
Variances to budgeted allocations	<u>\$ -</u>	<u>\$ 10,000</u>
<b>Net Partner Agency Allocations</b>	<u>\$ 1,934,971</u>	<u>\$ 2,165,158</u>
	<u>2013</u>	<u>2012</u>
<b>Actual Expenses for HMUW Initiatives:</b>		
Tornado Relief Funding	<u>\$ 886</u>	<u>\$ 85,061</u>
Other Funding	<u>\$ 202,180</u>	<u>\$ 81,399</u>
Dolly Parton's Imagination Library	<u>\$ 118,043</u>	<u>\$ 118,228</u>
UW 2-1-1 Info & Referral	<u>\$ 5,000</u>	<u>\$ 6,868</u>
Other Community Initiatives Funding	<u>\$ 27,466</u>	<u>\$ 85,811</u>

(1) Committed in 2013 to be distributed in 2014

(2) Committed in 2012, distributed in 2013

*See independent auditors' report.*