

Heart of Missouri United Way, Inc.
Columbia, Missouri

Financial Statements and
Independent Auditors' Report

December 31, 2014 and 2013

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

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

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Marberry & Eagle^{PC}
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, 2014 and 2013, 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.

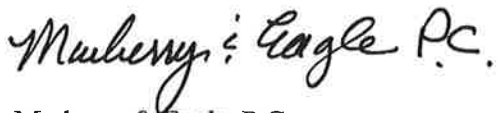
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, 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 16-18 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.
Certified Public Accountants
Columbia, Missouri
May 22, 2015

Heart of Missouri United Way, Inc.
Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 589,631	\$ 650,100
Certificates of Deposit	239,000	239,000
Pledges Receivable, 2014-15 Campaign (Net of Allowance for Uncollectibles of \$123,511)	2,180,085	-
Pledges Receivable, 2013-14 Campaign (Net of Allowance for Uncollectibles of \$205,585)	52,986	2,270,131
Pledges Receivable, 2012-13 Campaign (Net of Allowance for Uncollectibles of \$229,972)	-	196,942
Receivable from Combined Federal Campaign	18,273	13,296
Investment - stock	5,820	5,820
Other Receivables - Cradle to Career	20,000	903
Accrued Interest Receivable	731	32
Prepaid Expenses	44,110	71,751
Total Current Assets	<u>3,150,636</u>	<u>3,447,975</u>
Fixed Assets:		
Equipment	125,769	145,107
Leasehold Improvements	92,500	-
Less: Accumulated Depreciation	85,766	83,438
Net Fixed Assets	<u>132,503</u>	<u>61,669</u>
Endowment Fund:		
Donor Restricted	131,022	124,470
Board Designated	126,880	116,428
Total Endowment Fund	<u>257,902</u>	<u>240,898</u>
Total Assets	<u>\$ 3,541,041</u>	<u>\$ 3,750,542</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 12,233	\$ 15,796
Note Payable - current maturities within one year	6,149	-
Other accruals	-	4,557
Allocations Payable - next fiscal year	475,710	1,934,971
Designations Payable - next fiscal year	116,955	107,735
Payroll Related Accruals	10,702	14,104
Total Current Liabilities	<u>621,749</u>	<u>2,077,163</u>
Long-Term Liabilities:		
Note Payable - LT portion	74,556	-
Total Long-Term Liabilities	<u>74,556</u>	<u>-</u>
Net Assets:		
Unrestricted	2,209,042	1,087,497
Temporarily Restricted	535,394	485,582
Permanently Restricted	100,300	100,300
Total Net Assets	<u>2,844,736</u>	<u>1,673,379</u>
Total Liabilities and Net Assets	<u>\$ 3,541,041</u>	<u>\$ 3,750,542</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, 2014

		<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Combined Total</u>
Revenue and Other Support				
Prior Period Contributions Overage	\$ 73,970	\$ -	\$ -	\$ 73,970
Prior Period Designation Adjustment	(4,340)	-	-	(4,340)
Contributions Received in Prior Periods and Now Released from Restriction	461,398	(461,398)	-	-
Total Campaign for Current Period	531,028	(461,398)	-	69,630
Campaign Revenue Received for Next Allocation Period	2,303,596	466,629	-	2,770,225
Campaign Revenue - In Kind donations / services	25,573	-	-	25,573
Designations to Partner / Other Agencies	(116,955)	-	-	(116,955)
Provision for Uncollectible Pledges	(123,511)	-	-	(123,511)
Total Campaign	2,619,731	5,231	-	2,624,962
Other Income				
Tornado Relief Income	-	2,392	-	2,392
Cradle to Career Income	13,103	35,637	-	48,740
Triple Crown Gala	47,865	-	-	47,865
Realized Gains on Investments	322	332	-	654
Unrealized Gains on Investments	4,942	5,159	-	10,101
Interest Income	4,237	2,343	-	6,580
Miscellaneous Income	24,242	-	-	24,242
In Kind donations / services	25,068	-	-	25,068
Dolly Parton's Imagination Library	1,128	-	-	1,128
Total Other Income	120,907	45,863	-	166,770
Other Net Assets Released from Restrictions	1,282	(1,282)	-	-
Total Revenue and Other Support	2,741,920	49,812	-	2,791,732
Expenses				
Allocations:				
Funds Allocated to Member Agencies for 2015	475,710	-	-	475,710
Tornado Relief Expense	-	-	-	-
Cradle to Career	44,003	-	-	44,003
Triple Crown Gala	31,179	-	-	31,179
Other Funding	45,024	-	-	45,024
UW 2-1-1 Info & Referral	5,000	-	-	5,000
Dolly Parton's Imagination Library	48,999	-	-	48,999
Other Community Initiatives Funding	10,985	-	-	10,985
Total Allocations	660,900	-	-	660,900
Other Functional Expenses				
Fundraising	484,021	-	-	484,021
Community Investment & Engagement	283,734	-	-	283,734
Administration & Management	191,435	-	-	191,435
Total Other Functional Expenses	959,190	-	-	959,190
Loss on Disposal of Assets	285	-	-	285
Total Expenses	1,620,375	-	-	1,620,375
Change in Net Assets	1,121,545	49,812	-	1,171,357
Net Assets, Beginning of Year	1,087,497	485,582	100,300	1,673,379
Net Assets, End of Year	\$ 2,209,042	\$ 535,394	\$ 100,300	\$ 2,844,736

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>2013</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Combined Total</u>
Revenue and Other Support				
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	2,475,532	461,398	-	2,936,930
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	2,872,216	(231,814)	-	2,640,402
Other Income				
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)	-	-
Total Revenue and Other Support	3,062,464	(217,732)	-	2,844,732
Expenses				
Allocations:				
Funds Allocated to Member Agencies for 2014	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
Other Functional Expenses				
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
Total Expenses	3,385,753	-	-	3,385,753
Change in Net Assets	(323,289)	(217,732)	-	(541,021)
Net Assets, Beginning of Year	1,410,786	703,314	100,300	2,214,400
Net Assets, End of Year	\$ 1,087,497	\$ 485,582	\$ 100,300	\$ 1,673,379

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 1,171,357	\$ (541,021)
Adjustments to Reconcile Increase in Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	23,660	21,792
Loss on Disposal of Fixed Assets	328	3,797
(Increase) Decrease in Current Assets and Increase (Decrease)		
in Current Liabilities:		
Pledges Receivable, Net	234,002	304,697
Accounts Receivable	(4,977)	1,008
Accrued Interest Receivable	(699)	848
Prepaid Expenses	27,641	(33,287)
Other Receivables	(19,097)	291
Allocations & Designations Payable	(1,450,041)	(239,565)
Accounts Payable and Accrued Liabilities	<u>(11,522)</u>	<u>(18,881)</u>
Net Cash (Used) by Operating Activities	<u>(29,348)</u>	<u>(500,321)</u>
 Cash Flows from Investing Activities:		
Proceeds from Note Payable	85,000	-
(Payments) on Note Payable	(4,295)	-
Endowment - Contributions & Income	(17,004)	(31,822)
(Purchase) of Fixed Assets	<u>(94,822)</u>	<u>(6,785)</u>
Net Cash (Used) by Investing Activities	<u>(31,121)</u>	<u>(38,607)</u>
 Net (Decrease) in Cash and Cash Equivalents	 (60,469)	 (538,928)
Cash and Cash Equivalents at Beginning of Year	<u>650,100</u>	<u>1,189,028</u>
Cash and Cash Equivalents at End of Year	<u>\$ 589,631</u>	<u>\$ 650,100</u>
 Interest Paid	 <u>\$ 4,987</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, 2014

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 \$123,511 and \$205,585 at December 31, 2014 and 2013, 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, 2014

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 2014 commitments payable in 2015.

In the 2015, the Organization made a change to its allocation cycle. The promise to give period (period for which allocations are accrued) has been changed from a 12 month calendar year period to a 12 month period beginning in July and ending in June. As a result at December 31st the Organization will only accrue a six month allocation commitment for the period of January to June of the following year. The allocations for the final six months of the following year will now be determined and promised in the spring of that year. The effect of the reduction in the accrual of the allocation commitment due to this change in the allocation cycle is a significant increase in Net Assets compared to prior years.

Additionally, 2015 is a transition year and the 2015 the promise to give at December 31, 2014 was accrued for only four months, the final eight months of the year were determined in the spring of 2015.

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 2014 commitments payable in 2015.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 2: Fixed Assets

Fixed assets are summarized as follows:

	<u>2014</u>	<u>2013</u>
Furniture, fixtures and equipment	\$ 125,769	\$ 145,107
Leasehold improvements	92,500	-
Less accumulated depreciation	<u>(85,766)</u>	<u>(83,438)</u>
Net value	<u>\$ 132,503</u>	<u>\$ 61,669</u>

Depreciation expense was \$23,660 and \$21,792 in 2014 and 2013, respectively.

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, 2014 and 2013, temporarily restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Campaign Pledges for next fiscal year	\$ 466,629	\$ 461,398
Cradle to Career Program	35,637	-
Tornado Relief	2,406	14
Earnings on Donor Restricted Endowment Fund	<u>30,722</u>	<u>24,170</u>
	<u>\$ 535,394</u>	<u>\$ 485,582</u>

Permanently Restricted

Permanently restricted net assets represent donations that are to be held for investment in the endowment account. At December 31, 2014 and 2013, permanently restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Donor Contributions to Endowment Fund	<u>\$ 100,300</u>	<u>\$ 100,300</u>

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.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 4: Endowment Fund (continued)

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.

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.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 4: Endowment Fund (continued)

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, 2014 and 2013, respectively.

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.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 4: Endowment Fund (continued)

- 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.

The composition of net assets by type of endowment fund at December 31, 2014 and 2013 were:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 30,722	\$ 100,300	\$ 131,022
Board-designated endowment funds	126,880	-	-	126,880
Total endowment funds	<u>\$ 126,880</u>	<u>\$ 30,722</u>	<u>\$ 100,300</u>	<u>\$ 257,902</u>

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 24,170	\$ 100,300	\$ 124,470
Board-designated endowment funds	116,428	-	-	116,428
Total endowment funds	<u>\$ 116,428</u>	<u>\$ 24,170</u>	<u>\$ 100,300</u>	<u>\$ 240,898</u>

Changes in endowment net assets for the years ended December 31, 2014 and 2013, were:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 116,428	\$ 24,170	\$ 100,300	\$ 240,898
Investment return:				
Investment income	2,265	2,343	-	4,608
Realized Gains	322	332	-	654
Unrealized Gains	4,941	5,159	-	10,100
Administrative fees	(1,237)	(1,282)	-	(2,519)
Contributions	4,161	-	-	4,161
Endowment net assets, end of year	<u>\$ 126,880</u>	<u>\$ 30,722</u>	<u>\$ 100,300</u>	<u>\$ 257,902</u>

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 4: Endowment Fund (continued)

	2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	-	-	-	-
Endowment net assets, end of year	<u>\$ 116,428</u>	<u>\$ 24,170</u>	<u>\$ 100,300</u>	<u>\$ 240,898</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, 2014, uninsured cash balances totaled \$46,438.

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 \$16,900 for the year ended December 31, 2014, and \$19,778 for the year ended December 31, 2013.

Note 7: Voluntary Service Fee Support

The Organization pays voluntary service fee support to the United Way of Worldwide. 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 \$34,134 for the year ended December 31, 2014, and \$34,200 for the year ended December 31, 2013.

Note 8: Leases

The Organization entered into a lease agreement with Pitney Bowes for a postage meter on February 2, 2012. The lease term was for 51 months beginning April 1, 2012, and terminating June 30, 2016, with quarterly installment payments of \$197.

The Organization entered into a lease agreement with Marlin Business Bank for a telephone system on March 14, 2014. The lease term was for 60 months beginning April 1, 2014, and terminating March 31, 2019, with monthly installment payments of \$305.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 8: Leases (continued)

The Organization entered into a lease agreement with GreatAmerica Financial Services Corporation for a copier machine on March 20, 2014. The lease term was for 5 years beginning April 1, 2014, and terminating March 31, 2019, with monthly installment payments of \$168.

The Organization entered into a lease agreement with Columbia Knipp Properties, LLC, for office space on May 9, 2014. The lease term was for 10 years beginning May 1, 2014, and terminating April 30, 2024, with monthly installment payments of \$3,818.

The Organization entered into a lease agreement with Professional Resources Development, Inc. for office space on January 9, 2009. The lease term was for five years and began May 1, 2009, and terminated April 30, 2014. The Organization did not renew this lease during the year ended December 31, 2014.

Future minimum lease payments are as follows for the years ended December 31:

<u>Year</u>	<u>Amount</u>
2015	\$ 52,280
2016	51,886
2017	51,492
2018	51,492
2019-2024	<u>245,771</u>
Total	<u>\$ 452,921</u>

Lease expense was \$70,572 and \$72,694 in 2014 and 2013, respectively.

Note 9: Notes Payable and Long-Term Debt

Long-term debt at December 31, 2014, is summarized as follows:

	<u>2014</u>
Note payable to Columbia Knipp Properties, LLC, totaling \$85,000, dated May 1, 2014, for Ash Street office expansion/renovations, due in equal monthly installments of \$1,031.28, beginning May 9, 2014, through April 9, 2024. Final payment of \$1,032.12 due April 9, 2024. Interest is calculated at 8.00%.	\$ 80,705
Total long-term debt	80,705
Less current maturities	<u>(6,149)</u>
Net long-term portion	<u>\$ 74,556</u>

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 9: Notes Payable and Long-Term Debt (continued)

Scheduled maturities of long-term debt for years subsequent to December 31, 2014, are as follows:

2015	\$ 6,149
2016	6,660
2017	7,213
2018	7,811
2019-2024	<u>52,872</u>
	<u>\$ 80,705</u>

Note 10: 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.

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, 2014.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 10: Fair Value of Financial Instruments (continued)

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, 2014 and 2013:

Assets at Fair Value as of December 31, 2014				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Accounts	\$ 280,308	\$ -	\$ -	\$ 280,308
Certificates of Deposit	239,000	-	-	239,000
Endowment Funds	-	257,902	-	257,902
Stock	-	5,820	-	5,820
Total Assets at Fair Value	<u>\$ 519,308</u>	<u>\$ 263,722</u>	<u>\$ -</u>	<u>\$ 783,030</u>

Assets at Fair Value as of December 31, 2013				
	<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
Total Assets at Fair Value	<u>\$ 763,725</u>	<u>\$ 256,818</u>	<u>\$ -</u>	<u>\$ 1,020,543</u>

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.

Heart of Missouri United Way, Inc.
Notes to Financial Statements
December 31, 2014

Note 11: 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 12: Subsequent Events

Subsequent events have been evaluated through May 22, 2015, 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, 2014

<u>Item</u>	<u>Fund Raising</u>	<u>Community Investment & Engagement</u>	<u>Administration & Management</u>	<u>Totals</u>
Salaries and Contracted Salaries	\$ 197,703	\$ 147,832	\$ 99,742	\$ 445,277
Employee Health Benefits	34,978	26,155	17,646	78,779
Pension Contributions	7,504	5,611	3,786	16,901
Other Employee Expenses	4,954	3,704	2,499	11,157
Payroll Taxes	14,399	10,767	7,265	32,431
Total Salaries and Related Expenses	<u>259,538</u>	<u>194,069</u>	<u>130,938</u>	<u>584,545</u>
Professional Fees	9,883	7,391	4,987	22,261
Office Supplies	2,676	2,002	1,351	6,029
Development Expenses	104,571	-	-	104,571
Telephone	5,098	3,813	2,572	11,483
Postage	2,786	2,083	1,406	6,275
Occupancy	31,334	23,430	15,808	70,572
Insurance	3,634	2,717	1,833	8,184
Interest	2,214	1,656	1,117	4,987
Rental and Maintenance of Equipment	28,003	20,938	14,127	63,068
Travel, Conferences and Meetings	3,860	2,886	1,947	8,693
Service Fee Support to United Way	15,155	11,332	7,646	34,133
Utilities	2,478	1,853	1,250	5,581
Miscellaneous	<u>2,286</u>	<u>1,709</u>	<u>1,153</u>	<u>5,148</u>
Total Expenses Before Depreciation	473,516	275,879	186,135	935,530
Depreciation	<u>10,505</u>	<u>7,855</u>	<u>5,300</u>	<u>23,660</u>
Total Functional Expenses	<u>\$ 484,021</u>	<u>\$ 283,734</u>	<u>\$ 191,435</u>	<u>\$ 959,190</u>
Percentage	50.46%	29.58%	19.96%	100%

See independent auditors' report.

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

<u>Item</u>	<u>Fund Raising</u>	<u>Community Investment & Engagement</u>	<u>Administration & Management</u>	<u>Totals</u>
Salaries and Contracted Salaries	\$ 201,057	\$ 293,838	\$ 96,448	\$ 591,343
Employee Health Benefits	31,130	45,496	14,933	91,559
Pension Contributions	6,725	9,828	3,226	19,779
Other Employee Expenses	1,435	2,097	688	4,220
Payroll Taxes	13,828	20,209	6,633	40,670
Total Salaries and Related Expenses	<u>254,175</u>	<u>371,468</u>	<u>121,928</u>	<u>747,571</u>
Professional Fees	6,637	9,701	3,184	19,522
Office Supplies	2,329	3,405	1,118	6,852
Development Expenses	91,145	-	-	91,145
Telephone	4,241	6,200	2,035	12,476
Postage	1,433	2,095	688	4,216
Occupancy	24,716	36,122	11,856	72,694
Insurance	1,059	1,547	508	3,114
Rental and Maintenance of Equipment	14,485	21,168	6,948	42,601
Travel, Conferences and Meetings	9,888	14,451	4,743	29,082
Service Fee Support to United Way	11,628	16,994	5,578	34,200
Miscellaneous	2,716	3,969	1,303	7,988
Total Expenses Before Depreciation	<u>424,452</u>	<u>487,120</u>	<u>159,889</u>	<u>1,071,461</u>
Depreciation	7,409	10,828	3,554	21,791
Total Functional Expenses	<u>\$ 431,861</u>	<u>\$ 497,948</u>	<u>\$ 163,443</u>	<u>\$ 1,093,252</u>
Percentage	39.50%	45.55%	14.95%	100%

See independent auditors' report.

Heart of Missouri United Way, Inc.
Schedules of Allocations
For the Years Ended December 31, 2014 and 2013

	<u>2014</u> ⁽¹⁾	<u>2013</u> ⁽²⁾
Partner Agency Allocations:		
Big Brothers/Big Sisters	18,254	60,848
Boonslick Heartland YMCA	5,464	16,391
Boys & Girls Club	37,800	126,000
Boys and Girls Town of Missouri	-	27,000
Columbia Housing Authority	18,641	62,136
Columbia Center for Urban Agriculture	20,250	67,502
Columbia Montessori	9,450	31,500
Family Counseling Center	59,606	198,687
Family Health Center	21,511	71,702
For His Glory, Inc.	13,837	46,123
Great Circle	8,100	-
Harrisburg Early Learning Center	17,550	58,500
Harvest House	5,434	16,301
Job Point	27,000	90,000
Love in the Name of Christ of Columbia	40,500	135,000
Lutheran Family & Children's Services	18,900	63,000
Mary Lee Johnston Early Learning Center	33,075	110,250
Mid-Missouri Legal Services Corporation	10,395	31,500
Nora Stewart Nursery School	35,100	117,000
Phoenix Programs, Inc.	18,188	97,526
Rainbow House	24,975	90,000
Services for Independent Living	13,750	45,833
The Food Bank for Central & Northeast Missouri	55,812	225,000
The Salvation Army	12,000	45,000
True North	12,690	40,500
United Community Builders	4,714	7,857
Unlimited Opportunities	12,036	36,108
University "Y"	1,890	6,300
Voluntary Action Center	21,600	72,000
Youth Empowerment Zone	14,143	47,142
Total Partner Agency Allocations	<u>592,665</u>	<u>2,042,706</u>
Less Designated Contributions	(116,955)	(107,735)
Variances to budgeted allocations	-	-
Net Partner Agency Allocations	<u>\$ 475,710</u>	<u>\$ 1,934,971</u>
	<u>2014</u>	<u>2013</u>
Actual Expenses for HMUW Initiatives:		
Tornado Relief Funding	\$ -	\$ 886
Cradle to Career	\$ 44,003	\$ -
Triple Crown Gala	\$ 31,179	\$ -
Other Funding	\$ 45,024	\$ 202,180
Dolly Parton's Imagination Library	\$ 48,999	\$ 118,043
UW 2-1-1 Info & Referral	\$ 5,000	\$ 5,000
Other Community Initiatives Funding	\$ 10,985	\$ 27,466

⁽¹⁾ Committed in 2014 to be distributed in 2015 - 4 month commitment

⁽²⁾ Committed in 2013, distributed in 2014 - 12 month commitment

See independent auditors' report.