

# **United Way of the Mark Twain Area**

Hannibal, Missouri

Financial Statements

October 31, 2016 and 2015

**United Way of the Mark Twain Area**

Hannibal, Missouri

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October 31, 2016 and 2015

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**Independent Auditor's Report**

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*Retired*  
J.H. Walker  
J.D. Valbracht

To the Board of Trustees of  
United Way of the Mark Twain Area

We have audited the accompanying financial statements of United Way of the Mark Twain Area (a nonprofit organization), which comprise the statements of financial position as of October 31, 2016 and 2015, and the related statements of activities, functional expenses, 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Mark Twain Area as of October 31, 2016 and 2015, 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.

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

August 17, 2017  
Hannibal, Missouri

**United Way of the Mark Twain Area**  
Hannibal, Missouri  
Statements of Financial Position  
October 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current Assets:		
Cash	\$ 146,189	\$ 107,157
Certificates of deposit	162,320	162,320
Investments	86,887	84,038
Unconditional promises to give	526,902	621,626
Total Current Assets	\$ 922,298	\$ 975,141
Capital Assets:		
Property and equipment	\$ 65,597	\$ 65,597
Less: Accumulated depreciation	(64,124)	(63,633)
	\$ 1,473	\$ 1,964
Other Assets:		
Deposits	\$ 108	\$ 108
<b>Total Assets</b>	<b>\$ 923,879</b>	<b>\$ 977,213</b>
 <b>Liabilities and Net Assets</b>		
Current Liabilities:		
Payroll liabilities	\$ 1,855	\$ 1,886
Unmet needs payable	6,875	3,874
Tri County Alliance	398	-
Accounts payable	1,175	607
Total Current Liabilities	\$ 10,303	\$ 6,367
<b>Net Assets</b>		
Temporarily restricted	\$ 475,000	\$ 535,000
Unrestricted	438,576	435,846
<b>Total Net Assets</b>	\$ 913,576	\$ 970,846
 <b>Total Liabilities and Net Assets</b>	<b>\$ 923,879</b>	<b>\$ 977,213</b>

See accompanying notes to financial statements.

**United Way of the Mark Twain Area**

Hannibal, Missouri  
Statements of Activities  
Year Ended October 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support:</b>			
Campaign contributions	\$ -	\$ 408,899	\$ 408,899
VITA reimbursement	4,080	-	4,080
In kind contributions	210,691	-	210,691
Investment income (loss)	2,431	-	2,431
Interest	1,464	-	1,464
<b>Total Support</b>	<u>\$ 218,666</u>	<u>\$ 408,899</u>	<u>\$ 627,565</u>
<b>Net Assets Released from Restrictions</b>	<u>468,899</u>	<u>(468,899)</u>	<u>-</u>
<b>Total Support</b>	<u>\$ 687,565</u>	<u>\$ (60,000)</u>	<u>\$ 627,565</u>
<b>Expenses:</b>			
<b>Program Services</b>	<u>\$ 358,353</u>	<u>\$ -</u>	<u>\$ 358,353</u>
<b>Supporting Activities:</b>			
Administration and general	\$ 37,469	\$ -	\$ 37,469
Fundraising	289,013	-	289,013
<b>Total Supporting Activities</b>	<u>\$ 326,482</u>	<u>\$ -</u>	<u>\$ 326,482</u>
<b>Total Expenses</b>	<u>\$ 684,835</u>	<u>\$ -</u>	<u>\$ 684,835</u>
<b>Net Increase (Decrease) in Net Assets</b>	\$ 2,730	\$ (60,000)	\$ (57,270)
<b>Net Assets, Beginning of Year</b>	<u>435,846</u>	<u>535,000</u>	<u>970,846</u>
<b>Net Assets, End of Year</b>	<u>\$ 438,576</u>	<u>\$ 475,000</u>	<u>\$ 913,576</u>

**United Way of the Mark Twain Area**

Hannibal, Missouri  
Statements of Activities  
Year Ended October 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support:</b>			
Campaign contributions	\$ -	\$ 494,432	\$ 494,432
VITA reimbursement	4,785	-	4,785
In kind contributions	203,022	-	203,022
Investment income (loss)	(1,952)	-	(1,952)
Interest	725	-	725
<b>Total Support</b>	<u>\$ 206,580</u>	<u>\$ 494,432</u>	<u>\$ 701,012</u>
<b>Net Assets Released from Restrictions</b>	<u>524,432</u>	<u>(524,432)</u>	<u>-</u>
<b>Total Support</b>	<u>\$ 731,012</u>	<u>\$ (30,000)</u>	<u>\$ 701,012</u>
<b>Expenses:</b>			
<b>Program Services</b>	<u>\$ 402,221</u>	<u>\$ -</u>	<u>\$ 402,221</u>
<b>Supporting Activities:</b>			
Administration and general	\$ 37,765	\$ -	\$ 37,765
Fundraising	286,754	-	286,754
<b>Total Supporting Activities</b>	<u>\$ 324,519</u>	<u>\$ -</u>	<u>\$ 324,519</u>
<b>Total Expenses</b>	<u>\$ 726,740</u>	<u>\$ -</u>	<u>\$ 726,740</u>
<b>Net Increase (Decrease) in Net Assets</b>	<u>\$ 4,272</u>	<u>\$ (30,000)</u>	<u>\$ (25,728)</u>
<b>Net Assets, Beginning of Year</b>	<u>431,574</u>	<u>565,000</u>	<u>996,574</u>
<b>Net Assets, End of Year</b>	<u>\$ 435,846</u>	<u>\$ 535,000</u>	<u>\$ 970,846</u>

**United Way of the Mark Twain Area**

Hannibal, Missouri

Statements of Cash Flows

Years Ended October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Increase (Decrease) in net assets	\$ (57,270)	\$ (25,728)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	491	404
<b>(Increase) Decrease in:</b>	<b>94,724</b>	<b>17,682</b>
Promises to give		
<b>Increase (Decrease) in:</b>	<b>(31)</b>	<b>(113)</b>
Payroll liabilities	3,001	455
Unmet needs payable	398	-
Tri County Alliance	568	(193)
Accounts payable	<u>41,881</u>	<u>(7,493)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
(Increase) Decrease in certificates of deposits	\$ -	\$ 1,530
Purchase of investments	(2,849)	(84,038)
Purchase of capital assets	<u>-</u>	<u>(1,124)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>\$ (2,849)</u>	<u>\$ (83,632)</u>
<b>Net Increase (Decrease) in Cash</b>	\$ 39,032	\$ (91,125)
<b>Cash, Beginning of Year</b>	<u>107,157</u>	<u>198,282</u>
<b>Cash, End of Year</b>	<u>\$ 146,189</u>	<u>\$ 107,157</u>

See accompanying notes to financial statements.

**United Way of the Mark Twain Area**

Hannibal, Missouri

Statement of Functional Expenses

Year Ended October 31, 2016

	<u>Program Services</u>	<u>Administration &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses:</b>				
Agency payments	\$ 336,019	\$ -	\$ -	\$ 336,019
Conferences	-	-	1,044	1,044
Dues	-	-	5,800	5,800
Insurance	-	-	475	475
Campaign expenses	-	-	28,147	28,147
Auto	-	-	1,220	1,220
Outside services	-	6,181	-	6,181
Payroll taxes	1,284	1,284	2,922	5,490
Postage	-	338	-	338
Printing supplies	-	-	2,714	2,714
Rent	-	9,600	-	9,600
In-kind expenses	-	-	210,691	210,691
Pension plan	-	-	285	285
Salary	17,842	17,842	35,683	71,367
Telephone	-	1,627	-	1,627
Office supplies	-	-	32	32
Repairs & maintenance	-	106	-	106
VITA program	3,208	-	-	3,208
Depreciation	-	491	-	491
Total Expenses	<u>\$ 358,353</u>	<u>\$ 37,469</u>	<u>\$ 289,013</u>	<u>\$ 684,835</u>

See accompanying notes to financial statements.



**United Way of the Mark Twain Area**

Hannibal, Missouri

Statement of Functional Expenses

Year Ended October 31, 2015

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	<u>Program Services</u>	<u>Administration &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses:</b>				
Agency payments	\$ 378,778	\$ -	\$ -	\$ 378,778
Conferences	-	-	359	359
Dues	-	-	5,850	5,850
Campaign expenses	-	-	35,996	35,996
Auto	-	-	2,281	2,281
Outside services	-	6,650	-	6,650
Payroll taxes	1,284	1,284	2,569	5,137
Postage	-	851	-	851
Printing supplies	-	-	2,637	2,637
Rent	-	9,600	-	9,600
In-kind expenses	-	-	203,022	203,022
Salary	17,020	17,020	34,040	68,080
Telephone	-	1,742	-	1,742
Repairs & maintenance	-	214	-	214
VITA program	5,139	-	-	5,139
Depreciation	-	404	-	404
Total Expenses	<u>\$ 402,221</u>	<u>\$ 37,765</u>	<u>\$ 286,754</u>	<u>\$ 726,740</u>

## United Way of the Mark Twain Area

Hannibal, Missouri

Notes to Financial Statements

October 31, 2016 and 2015

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### 1. Nature of Activities and Summary of Significant Accounting Policies

#### a. Nature of Activities

The United Way of the Mark Twain Area (the "Organization") is a non-profit, community service organization that relies primarily on public pledges for funding. These pledges are subsequently allocated to other local non-profit agencies.

#### b. Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. In addition, the Organization is required to present a statement of cash flows.

#### c. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

#### d. Public Support and Revenue

Annual campaign contributions are generally considered available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give, due in the next year, are reflected as current promises to give and are recorded at their net realizable value. An allowance for uncollectible promises is provided for pledges estimated to be uncollectible.

The majority of pledges receivable are received from a broad base of contributors as a result of the Organization's annual campaign.

#### e. 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. Accordingly, actual results could differ from those estimates.

#### f. Income Tax Status

The United Way of the Mark Twain Area is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**United Way of the Mark Twain Area**

Hannibal, Missouri

Notes to Financial Statements

October 31, 2016 and 2015

**1. Nature of Activities and Summary of Significant Accounting Policies (Concluded)**

**g. Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**h. Property and Equipment**

The Organization capitalizes 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to ten years.

**2. Promises to Give and Temporarily Restricted Net Assets**

A summary of promises to give and temporarily restricted net assets follows:

	October 31	
	2016	2015
Current year promises to give	\$ 189,054	\$ 223,450
Upcoming drive year promises to give	437,848	498,176
Net pledges receivable	\$ 626,902	\$ 721,626
Less: Allowance for uncollectible promises	(100,000)	(100,000)
<b>Total Promises to Give</b>	<b>\$ 526,902</b>	<b>\$ 621,626</b>
Upcoming drive year pledges	\$ 437,848	\$ 498,176
Collections made in current year for upcoming drive year promises to give	37,152	36,824
<b>Total Temporarily Restricted Net Assets</b>	<b>\$ 475,000</b>	<b>\$ 535,000</b>

**United Way of the Mark Twain Area**

Hannibal, Missouri  
Notes to Financial Statements  
October 31, 2016 and 2015

**3. Property and Equipment**

Acquisitions of capital assets are recorded at cost. Depreciation expense for the years ended October 31, 2016 and 2015 amounted to \$491 and \$404, respectively.

Following is a summary of capital assets at October 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 65,597	\$ 65,597
Accumulated depreciation	<u>(64,124)</u>	<u>(63,633)</u>
Net capital assets	<u>\$ 1,473</u>	<u>\$ 1,964</u>

**4. Long Term Lease Obligations**

Office Space:

Effective January 1, 2012, the Organization signed a five year lease with Boland Properties, LLC for a term of \$600 per month in 2012, \$700 per month in 2013, \$800 per month in 2014 for the remainder of the lease, payable on the first day of each month. The lease is classified as an operating lease.

A summary of the future minimum rental payments are as follows:

<u>October 31</u>	
2017	\$ 1,600
Total	<u>\$ 1,600</u>

**5. Cash Flow Information**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

There were no non-cash financing or investing activities for the years ending October 31, 2016 and 2015.

**6. Public Support and Revenue - Donated Services (In Kind Revenue and Expenses)**

Volunteers and others contribute substantial amounts of materials and services toward the fulfillment of projects initiated by the Organization. To the extent that contributions are made under the control of the Organization, are objectively measurable and represent support expenditures that would otherwise be incurred by the Organization's personnel, are reflected in both public support and expense in the accompanying financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

## United Way of the Mark Twain Area

Hannibal, Missouri  
Notes to Financial Statements  
October 31, 2016 and 2015

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### 7. Concentration of Credit Risk

The Organization is dependent on the continuance of the public's support for their operations to continue.

At various times throughout the year, the Organization's cash deposits may exceed the federally insured limits. As of October 31, 2016 and 2015, the Organization's cash balances were fully covered by federal depository insurance.

### 8. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

#### **Level 1 Fair Value Measurements**

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 Fair Value Measurements**

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 Fair Value Measurement**

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

The asset 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 assets measured at fair value. There have been no changes in the methodologies used at October 31, 2016 and 2015.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the plan at year end.

The preceding methods described 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.

**United Way of the Mark Twain Area**

Hannibal, Missouri  
Notes to Financial Statements  
October 31, 2016 and 2015

**8. Fair Value Measurements (Concluded)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of October 31, 2016:

	<b>Assets at Fair Value as of October 31, 2016</b>			
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	<b>Total</b>
Mutual funds	\$ -	\$ 86,350	\$ -	\$ 86,350
Short-term money market funds	537	-	-	537
Total Investments	<u>\$ 537</u>	<u>\$ 86,350</u>	<u>\$ -</u>	<u>\$ 86,887</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of October 31, 2015:

	<b>Assets at Fair Value as of October 31, 2015</b>			
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	<b>Total</b>
Mutual funds	\$ -	\$ 30,338	\$ -	\$ 30,338
Common and preferred stock	53,159	-	-	53,159
Short-term money market funds	541	-	-	541
Total Investments	<u>\$ 53,700</u>	<u>\$ 30,338</u>	<u>\$ -</u>	<u>\$ 84,038</u>

**9. Northeast Missouri Unmet Needs Committee**

The Northeast Missouri Unmet Needs Committee is a committee made up of area residents and representatives from helping organizations. The goal of the Northeast Missouri Unmet Needs Committee is to help people get their lives back on track after experiencing a disaster, either individually or as a community, and to aid the victims of local disasters with resources that can be used to return their lives to a pre-disaster status.

The Organization agreed to serve as the fiscal agent for the Northeast Missouri Unmet Needs Committee. As the fiscal agent, the Organization accepts tax exempt gifts for relief. A separate restricted bank account was set up for the gifts and disbursements are made only at the discretion of the Northeast Missouri Unmet Needs Committee to approved agencies and programs working in the relief effort. The Organization transferred \$5,000 to the restricted bank account in order to fund the effort. No administrative fees are taken or charged to the account and a full accounting is reported to the Northeast Missouri Unmet Needs Committee.

The balance in the Northeast Missouri Unmet Needs bank account as of October 31, 2016 was \$11,875. Of this amount, \$6,875 is recorded as a liability, Unmet Needs Payable, because if these moneys are not spent on disaster relief for the Northeast Missouri residents, these funds must be refunded to the organizations that made the donations. The \$5,000 transferred by the Organization is not a liability because it will remain in the account for unmet needs relief as a result of future disasters. The balance in the Northeast Missouri Unmet Needs bank account as of October 31, 2015 was \$8,874. Of this amount, \$3,874 was recorded as a liability.

**10. Evaluation of Subsequent Events**

Subsequent events have been evaluated through August 17, 2017, the date the financial statements were available to be issued.