

**WAVERLY-SHELL ROCK AREA
UNITED WAY, INC.**

FINANCIAL REPORTS

December 31, 2014 and 2013

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Independent Auditor's Report

Board of Directors
Waverly-Shell Rock Area United Way, Inc.
Waverly, Iowa

Report on the Financial Statements

I have audited the accompanying balance sheet of Waverly-Shell Rock Area United Way, Inc., which comprise the balance sheets of December 31, 2014 and 2013, and the related statements of activities, changes in net assets 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

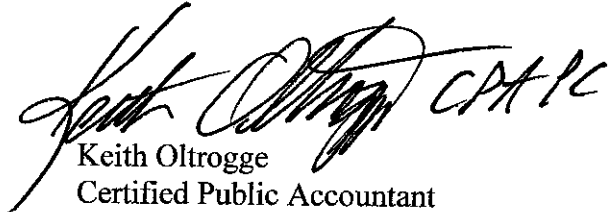
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waverly-Shell Rock Area United Way, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Keith Oltrogge
Certified Public Accountant

Denver, Iowa
April 22, 2015

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

-ASSETS-

	2014	2013
CURRENT ASSETS:		
Cash	\$ 125,759	\$ 118,804
Certificates of deposit	66,436	55,893
Pledges receivable, net of allowance for un-collectible pledges of \$0 and \$0 respectively at December 31, 2014 and 2013	148,394	133,244
Total Current Assets	\$ 340,589	\$ 307,941
FIXED ASSETS:		
Equipment	\$ 5,850	\$ 5,145
Accumulated depreciation	-4,952	-4,716
Net Fixed Assets	\$ 898	\$ 429
TOTAL ASSETS	\$ 341,487	\$ 308,370

-LIABILITIES AND NET ASSETS-

CURRENT LIABILITIES:		
Due to Agencies	\$ 180,001	\$ 175,000
NET ASSETS:		
Unrestricted – Designated	\$ 12,000	\$ 9,500
Unrestricted – Undesignated	149,486	123,870
Total Net Assets	\$ 161,486	\$ 133,370
TOTAL LIABILITIES AND NET ASSETS	\$ 341,487	\$ 308,370

The accompanying notes are an integral part of this statement.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

	2014	2013
PUBLIC SUPPORT AND REVENUES:		
Pledges and donations	\$ 274,196	\$ 253,113
Interest income	144	882
Special events	3,817	-
Total Public Support and Revenues	\$ 278,157	\$ 253,995
EXPENSES:		
Program Services:		
Agency funding	\$ 180,001	\$ 175,400
Marketing and advertising	2,468	1,078
Salaries	23,589	20,975
Payroll taxes	1,802	1,605
Telephone	762	820
Supplies	1,832	1,479
Travel/Mileage	1,140	506
Program sponsorship	5,196	-
Total Program Services	\$ 216,790	\$ 201,863
Support Services:		
Management and General:		
Salaries	\$ 12,152	\$ 10,806
Payroll taxes	930	826
Audit	2,500	2,400
Postage	2,556	2,755
Telephone	392	422
Education	126	252
Rent	5,160	5,520
Dues and assessments	3,262	5,475
Miscellaneous	435	494
Insurance	1,950	1,929
Office supplies	1,885	3,868
Utilities	1,080	960
Travel/Mileage	588	260
Depreciation	236	333
Total Management and General	\$ 33,251	\$ 36,300
Total Expenses	\$ 250,041	\$ 238,163
CHANGE IN NET ASSETS	\$ 28,116	\$ 15,832

The accompanying notes are an integral part of this statement.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended December 31, 2014 and 2013

	2014	2013
NET ASSETS AT BEGINNING OF THE YEAR	\$ 133,370	\$ 117,538
Change in Net Assets	28,116	15,832
NET ASSETS AT END OF YEAR	<u>\$ 161,486</u>	<u>\$ 133,370</u>

The accompanying notes are an integral part of this statement.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 28,116	\$ 15,832
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	236	333
(Increase) decrease in pledges receivable	-15,150	-5,780
Increase (Decrease) in due to agencies	5,001	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 18,203	\$ 10,385
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	\$ -705	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of investments	\$ -10,000	\$ -
Investment income reinvested	-543	-695
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ -10,543	\$ -695
NET INCREASE (DECREASE) IN CASH	\$ 6,955	\$ 9,690
CASH AT BEGINNING OF YEAR	118,804	109,114
CASH AT END OF YEAR	\$ 125,759	\$ 118,804
CASH IS COMPRISED OF:		
Cash-checking (operating account)	\$ 4,765	\$ 7,934
JDCCU Savings	7	7
FNB Savings	120,987	110,863
	\$ 125,759	\$ 118,804
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ -	\$ -

The accompanying notes are an integral part of this statement.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Waverly-Shell Rock Area United Way, Inc. (the Organization) is a non-profit Iowa corporation. The Organization strives to meet the human services needs of the community through the development and effective distribution of resources.

Method of Accounting – The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Basis of Presentation – The Organization has adopted Accounting Standards for Accounting for Contributions Received and Made and Financial Statements of Not-for-Profit Organizations, and applied these standards on a retroactive basis. These accounting standards established standards for external reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The accounting standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with the donor imposed restrictions. A description of the three net asset categories is as follows:

Unrestricted Net Assets – This category of net assets includes unrestricted contributions and expenses associated with the principle activity of the Organization.

Temporarily Restricted Net Assets – This category of net assets includes gifts and income for which donor imposed restrictions have not been met and pledges for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets – This category of net assets includes gifts, trusts and pledges which require, by donor restriction, that the corpus of the gift be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

There are no temporarily restricted or permanently restricted net assets at December 31, 2014.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges and Contributions – The Organization engages in periodic fundraising campaigns manifested by offering telephone, mail and other fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization for enhancement of the programs and operating expenses. Financial contributions are frequently evidenced by pledges received from responding supporters. Contributions including unconditional promises to give are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. An allowance for uncollectible contributions receivable is provided based on the Organization's judgment including such factors as prior collection history and type of contribution. All pledges receivable are promises to give within one year of December 31, 2014. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Organization. This usage is consistent with appeals for contributions and pledges.

Investments – The Organization elected to adopt Accounting Standards for Accounting for Certain Investments Held by Not-for-Profit Organizations in 1996. Under these accounting standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes – The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment – Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Equipment	3-5
Furniture and fixtures	10

Contributed Services – A large number of members/directors have contributed significant amounts of time to program services of the Organization. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for reasonably determining an appropriate amount.

NOTE 2– FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and investments. The Organization estimates that the fair value of all financial instruments at December 31, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by investment companies, using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of the following at December 31:

Campaign 2015	\$ 134,897
Campaign 2014	13,497
	<u>\$ 148,394</u>

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4 – CASH AND INVESTMENTS

Investments are in certificates of deposit, are stated at fair market value, and are summarized as follows at December 31, 2014:

Certificates of Deposit	Interest Rate	Date Matures	Cost	Fair Value
Veridian Credit Union	0.75%	9-15-15	\$ 7,596	\$ 7,596
Veridian Credit Union	0.70%	3-15-15	14,741	14,741
Veridian Credit Union	1.10%	2-1-16	11,286	11,286
Veridian Credit Union	1.10%	10-31-15	11,417	11,417
Veridian Credit Union	1.00%	6-23-16	10,036	10,036
State Bank & Trust	1.40%	5-20-16	11,360	11,360
			<u>\$ 66,436</u>	<u>\$ 66,436</u>

Interest Rate Risk – The Organization manages interest rate risk with segmented time distribution.

The Organization maintains its cash and investments at one financial institution, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in their accounts. The Organization believes it is not exposed to any significant credit risk. At December 31, 2014, the Organization's deposits were all covered by the FDIC.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014 and 2013.

	2014	2013
Interest Income – unrestricted	<u>\$ 144</u>	<u>\$ 882</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Equipment	\$ 2,950
Furniture and fixtures	2,900
	<u>\$ 5,850</u>
Accumulated depreciation	-4,952
Total	<u>\$ 898</u>

Depreciation expense was \$333 in 2013.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6 – OPERATING LEASES

The Organization is leasing office space located in Waverly, Iowa for \$430 per month.

The Organization signed an annual operating lease for a copier for \$56 per month, plus service contract. This lease was renewed for the fiscal year ending December 31, 2014

NOTE 7 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2015, which is the date the financial statements were available to be issued.

WAVERLY-SHELL ROCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 9- DUE TO AGENCIES

This liability represents the Organization's funding of local agencies, with the funds raised in Campaign 2015 and 2014. The following is a list of the agencies and the amounts designated:

	2015	2014
American Red Cross	\$ 7,425	\$ 4,500
ASPIRE Therapeutic Riding Program	950	600
Big Brothers/Big Sisters	19,913	18,500
Bremwood	5,000	4,000
Cedar Valley Friends of the Family	16,650	17,400
Conestoga Council of Girl Scouts	6,875	6,500
Northeast Iowa Food Bank	20,563	16,500
NE Iowa Community Action	6,750	8,750
Pathways Behavioral Service	24,050	21,250
Salvation Army	5,025	3,750
Retrieving Freedom	2,575	-
Visiting Nurses Assoc.	5,200	4,800
Waverly Childcare & Preschool	25,500	34,000
Waverly Senior Citizens /HVAAA	7,500	10,000
Winnebago Council of Boy Scouts	5,100	6,800
Allison Area Foster Parents	2,875	4,100
Iowa Legal Aid	2,700	3,600
Larrabee Center	6,350	6,100
Inclusion Connection	1,300	2,300
Together for Youth	2,200	1,550
Riverview Center	500	-
St Paul's Lutheran Preschool	2,000	-
Helping Services for Northeast Iowa	3,000	-
	<u>\$ 180,001</u>	<u>\$ 175,000</u>

These funds are paid to the Agencies in four equal, quarterly installments.

NOTE 10- DESIGNATED FUND BALANCES

The following summary of the fund balance designations by the governing board:

	December 31,	
	2014	2013
Three months operating reserve	<u>\$ 12,000</u>	<u>\$ 9,500</u>

Independent Auditor's Report on Internal Control Financial Reporting

To the Board of Directors
Waverly-Shell Rock Area United Way, Inc.
Waverly, Iowa

I have audited in accordance with the auditing standards generally accepted in the United States of America the financial statements of Waverly-Shell Rock Area United Way, Inc. as of and for the years ended December 31, 2014 and 2013, and have issued my report thereon dated April 22, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Waverly-Shell Rock Area United Way, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waverly-Shell Rock Area United Way, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Waverly-Shell Rock Area United Way, Inc.'s internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control that I consider to be a material weakness.

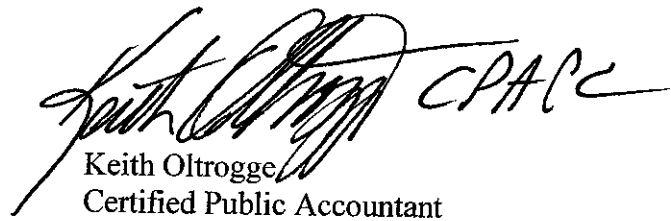
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in normal course in performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Waverly-Shell Rock Area United Way, Inc.'s financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Findings to be a material weakness.

Waverly-Shell Rock Area United Way, Inc.'s Response to the Finding

Waverly-Shell Rock Area United Way, Inc.'s response to the finding identified in my audit is described in the accompanying Schedule of Findings. Waverly-Shell Rock Area United Way, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this report

The purpose of this report is solely to describe the scope of my testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control. Accordingly, this communication is not suitable for any other purpose.



Keith Oltrogge
Certified Public Accountant

Denver IA
April 22, 2015

WAVERLY-SHELL ROCK UNITED WAY, INC.
Waverly, Iowa

SCHEDULE OF FINDINGS
Year Ended December 31, 2014

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal are all done by the same person. Also, the cash disbursements are written, signed and posted to the general ledger by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the Organization should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The Organization should segregate duties to the extent possible with existing personnel and utilize the Board of Directors to provide additional control through review of financial transactions and reports.