

**UNITED WAY OF CHARLOTTE COUNTY, INC.**

**PORT CHARLOTTE, FLORIDA**

**AUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2014 AND 2013**

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Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
United Way of Charlotte County, Inc.  
Port Charlotte, Florida**

We have audited the accompanying financial statements of **United Way of Charlotte County, Inc.**, which comprise of the statement of financial position as of **March 31, 2014 and 2013**, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. According, 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.

**United Way of Charlotte County, Inc.**

**August 13, 2014**

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Charlotte County, Inc.** as of **March 31, 2014 and 2013**, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by 'EES' and another large, stylized 'D' followed by 'EES'. The signature is written in a cursive, flowing style.

DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

August 13, 2014

**FINANCIAL STATEMENTS**

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2014 AND 2013**

	2014	2013
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 119,929	\$ 361,387
Rent receivable	1,070	500
Pledges receivable – net allowance for uncollectible pledges	301,443	329,044
Prepaid expenses	1,681	1,529
Endowment fund investments	<u>338,972</u>	<u>383,345</u>
<b>Total Current Assets</b>	<b><u>763,095</u></b>	<b><u>1,075,805</u></b>
<b><u>Noncurrent Assets</u></b>		
Property and equipment – net of accumulated depreciation	580,646	599,901
Deposits	<u>-0-</u>	<u>276</u>
<b>Total Noncurrent Assets</b>	<b><u>580,646</u></b>	<b><u>600,177</u></b>
<b>Total Assets</b>	<b><u>\$ 1,343,741</u></b>	<b><u>\$ 1,675,982</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts and taxes payable	\$ 6,195	\$ 7,258
Accrued agency allocations	324,135	352,197
Grants payable (Note 12)	4,695	298,277
Current maturities of long-term debt	<u>18,964</u>	<u>17,747</u>
<b>Total Current Liabilities</b>	<b><u>353,989</u></b>	<b><u>675,479</u></b>
<b><u>Long Term Liabilities</u></b>		
Long-term debt – net of current maturities	<u>406,077</u>	<u>426,089</u>
<b>Total Long Term Liabilities</b>	<b><u>406,077</u></b>	<b><u>426,089</u></b>
<b>Total Liabilities</b>	<b>760,066</b>	<b>1,101,568</b>
<b><u>Net Assets</u></b>		
Unrestricted assets	499,595	513,874
Temporarily restricted	<u>84,080</u>	<u>60,540</u>
<b>Total Net Assets</b>	<b><u>583,675</u></b>	<b><u>574,414</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,343,741</u></b>	<b><u>\$ 1,675,982</u></b>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2014 AND 2013**

	2014	2013
CHANGES IN UNRESTRICTED NET ASSETS		
<b><u>REVENUES:</u></b>		
Contributions	\$ 631,227	\$ 737,588
Adjustments to allowance for uncollectible pledges	(15,000)	(115,584)
Grants from local governments (Note 12)	320,653	616,305
Donated services	31,010	23,939
Investment return, net	2,871	18,761
Other income	2,032	1,102
Rental income	<u>6,465</u>	<u>5,950</u>
Total Unrestricted Revenues	<u>979,258</u>	<u>1,288,061</u>
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>156,460</u>	<u>146,967</u>
Total Unrestricted Revenues and Reclassifications	<u>1,135,718</u>	<u>1,435,028</u>
 <b><u>EXPENSES:</u></b>		
Program services	1,002,288	1,289,400
Management and general	102,765	95,713
Fundraising	<u>44,944</u>	<u>44,015</u>
Total Expenses	<u>1,149,997</u>	<u>1,429,128</u>
Change in Unrestricted Net Assets	<u>(14,279)</u>	<u>5,900</u>
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	180,000	185,000
Net assets released from restrictions	<u>(156,460)</u>	<u>(146,967)</u>
Change in Temporarily Restricted Net Assets	<u>23,540</u>	<u>38,033</u>
 CHANGE IN NET ASSETS	9,261	43,933
 NET ASSETS AT THE BEGINNING OF FISCAL YEAR	<u>574,414</u>	<u>530,481</u>
 NET ASSETS AT THE END OF FISCAL YEAR	<b><u>\$ 583,675</u></b>	<b><u>\$ 574,414</u></b>

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
<b>COMPENSATION AND RELATED EXPENSES</b>				
Salaries	\$ 61,328	\$ 27,877	\$ 22,301	\$ 111,506
Employee benefits	3,918	1,781	1,425	7,124
Payroll taxes	<u>2,691</u>	<u>1,224</u>	<u>979</u>	<u>4,894</u>
Total compensation and related expenses	<u>67,937</u>	<u>30,882</u>	<u>24,705</u>	<u>123,524</u>
<b>ALLOCATIONS AND CONTRIBUTIONS</b>				
Agency allocation payment	339,114	-0-	-0-	339,114
Designations	3,193	-0-	-0-	3,193
Grants (Note 12)	477,113	-0-	-0-	477,113
Donated services	31,010		-0-	31,010
Other allocations	<u>5,100</u>	<u>-0-</u>	<u>-0-</u>	<u>5,100</u>
Total allocations and contributions	<u>855,530</u>	<u>-0-</u>	<u>-0-</u>	<u>855,530</u>
<b>OCCUPANCY</b>				
Building loan interest	22,258	7,950	1,590	31,798
Property insurance	1,168	417	83	1,668
Property taxes	483	173	35	691
Repairs and maintenance	9,742	3,479	696	13,917
Utilities	<u>5,152</u>	<u>1,840</u>	<u>368</u>	<u>7,360</u>
Total occupancy expenses	<u>38,803</u>	<u>13,859</u>	<u>2,772</u>	<u>55,434</u>
<b>ADMINISTRATION</b>				
Office expense	4,378	15,322	2,189	21,889
Postage and printing	6,028	860	1,721	8,609
Professional fees	3,408	10,222	-0-	13,630
Continuing education	-0-	300	-0-	300
Marketing and advertising	1,366	6,147	6,147	13,660
Taxes, licenses and fees	-0-	726	-0-	726
Dues and subscriptions	1,224	9,790	1,224	12,238
Insurance	<u>10,376</u>	<u>6,225</u>	<u>4,150</u>	<u>20,751</u>
Total administrative expenses	<u>26,780</u>	<u>49,592</u>	<u>15,431</u>	<u>91,803</u>
<b>OTHER EXPENSES</b>				
Bank charges	-0-	1,992	-0-	1,992
Depreciation expense	13,238	5,091	2,036	20,365
Travel	<u>-0-</u>	<u>1,349</u>	<u>-0-</u>	<u>1,349</u>
Total other expenses	<u>13,238</u>	<u>8,432</u>	<u>2,036</u>	<u>23,706</u>
 Total functional expenses	 <u>\$1,002,288</u>	 <u>\$ 102,765</u>	 <u>\$ 44,944</u>	 <u>\$1,149,997</u>

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.



**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONT.)**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
<b>COMPENSATION AND RELATED EXPENSES</b>				
Salaries	\$ 50,530	\$ 22,968	\$ 18,375	\$ 91,873
Employee benefits	3,112	1,415	1,132	5,659
Payroll taxes	<u>8,636</u>	<u>3,926</u>	<u>3,140</u>	<u>15,702</u>
Total compensation and related expenses	<u>62,278</u>	<u>28,309</u>	<u>22,647</u>	<u>113,234</u>
<b>ALLOCATIONS AND CONTRIBUTIONS</b>				
Agency allocation payment	352,197	-0-	-0-	352,197
Phase III relief distributions	-0-	-0-	-0-	-0-
Volunteer Center	3,600	-0-	-0-	3,600
Designations	3,300	-0-	-0-	3,300
Grants	763,270	-0-	-0-	763,270
Donated services	23,939		-0-	23,939
Other allocations	<u>5,650</u>	<u>-0-</u>	<u>-0-</u>	<u>5,650</u>
Total allocations and contributions	<u>1,151,956</u>	<u>-0-</u>	<u>-0-</u>	<u>1,151,956</u>
<b>OCCUPANCY</b>				
Building loan interest	19,682	7,030	1,406	28,118
Property insurance	1,086	388	78	1,552
Property taxes	482	173	36	691
Repairs and maintenance	10,184	3,637	727	14,548
Utilities	<u>5,158</u>	<u>1,842</u>	<u>368</u>	<u>7,368</u>
Total occupancy expenses	<u>36,592</u>	<u>13,070</u>	<u>2,615</u>	<u>52,277</u>
<b>ADMINISTRATION</b>				
Office expense	2,851	9,979	1,426	14,256
Postage and printing	6,765	966	1,933	9,664
Professional fees	3,665	10,993	-0-	14,658
Continuing education	-0-	790	-0-	790
Marketing and advertising	1,941	8,736	8,736	19,413
Taxes, licenses and fees	-0-	25	-0-	25
Dues and subscriptions	1,065	8,524	1,065	10,654
Insurance	8,644	5,186	3,458	17,288
Equipment rental	<u>204</u>	<u>68</u>	<u>68</u>	<u>340</u>
Total administrative expenses	<u>25,135</u>	<u>45,267</u>	<u>16,686</u>	<u>87,088</u>
<b>OTHER EXPENSES</b>				
Bank charges	-0-	2,088	-0-	2,088
Depreciation expense	13,439	5,169	2,067	20,675
Travel	<u>-0-</u>	<u>1,810</u>	<u>-0-</u>	<u>1,810</u>
Total other expenses	<u>13,439</u>	<u>9,067</u>	<u>2,067</u>	<u>24,573</u>
 Total functional expenses	 <u>\$1,289,400</u>	 <u>\$ 95,713</u>	 <u>\$ 44,015</u>	 <u>\$1,429,128</u>

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 9,261	\$ 43,933
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	20,365	20,675
(Increase) decrease in operating assets:		
Pledges receivable, net	27,601	42
Rent receivable	(570)	-0-
Prepaid insurance and expenses	(152)	1,093
Deposits	276	-0-
Increases (decrease) in operating liabilities:		
Accounts payable	(1,063)	(1,320)
Prepaid pledge	-0-	(85,711)
Grants payable	(293,582)	2,375
Accrued agency allocations	<u>(28,062)</u>	<u>(13,391)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(265,926)</u>	<u>(32,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	(1,111)	(1,311)
Proceeds from investments	<u>44,374</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>43,263</u>	<u>(1,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Mortgage principal payments	<u>(18,795)</u>	<u>(14,527)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(18,795)</u>	<u>(14,527)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(241,458)	(48,142)
CASH AND CASH EQUIVALENTS – AT BEGINNING OF FISCAL YEAR	<u>361,387</u>	<u>409,259</u>
CASH AND CASH EQUIVALENTS – AT END OF FISCAL YEAR	<u>\$ 119,929</u>	<u>\$ 361,387</u>

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014 AND 2013**

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

**Organization and Nature of Activities**

United Way of Charlotte County, Inc. (the “Organization”) was incorporated as a Florida not-for-profit corporation on March 18, 1966. The Organization is affiliated with the United Way of America and its mission is “to enhance the quality of life in Charlotte County; to assess, on a continuing basis, the need for human service programs; to seek solutions to human problems; to assist in the development of new or expansion or modification of existing human service programs; to promote preventive activities, and foster cooperation among local, state and national agencies serving the community.” The Organization’s support comes primarily from business and individual donors’ contributions and volunteer services.

The Organization, operates as a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for Not-for-Profit Organizations. 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. The Organization had no permanently restricted net assets at March 31, 2014 and 2013.

**Donated Investments and Property and Equipment**

Donated marketable securities and other non-cash donations are recorded as contributions at the estimated fair values at the date of donation.

**Donated Services**

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received more than 1,460 and 1,270 volunteer hours during 2014 and 2013, respectively. For the years ended March 31, 2014 and 2013 the Organization recorded donated services of \$31,010 and \$23,939, respectively.

**Cash Equivalents**

The Organization considers all monies in banks and unrestricted highly liquid investments if any, with an initial maturity of three months or less to be cash equivalents.

**Investments**

The Organization reports investments in marketable securities with readily determinable fair values and all other investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

UNITED WAY OF CHARLOTTE COUNTY, INC.  
PORT CHARLOTTE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Investments (continued)

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the Organization and its donors, while seeking to maintain the purchasing power of the endowment assets. Donor funds committed for agency allocations and grants are invested conservatively, so as to achieve return objectives with minimal risk. Endowment funds from contributions not related to the Organization's annual fundraising campaign are invested in a manner to produce acceptable results, as approved by the Board of Directors, while assuming a prudent level of investment risk. The Organization's policies adhere to Florida's Uniform Management of Institutional Funds Act which has been updated to conform to a majority of the National Uniform Prudent Management of Institutional Funds Act of 2006.

Pledges Receivable

Annual United Way campaign contributions are generally available for unrestricted use unless restricted by the donor. Unconditional pledges are reflected as current contributions. The majority of pledges are received from Charlotte County business entities, employees of those businesses through payroll deduction plans and direct contributions by individuals. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible receivables at fiscal year end.

Property and Equipment

Property and equipment are recorded at cost when purchased or at estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF CHARLOTTE COUNTY, INC.  
PORT CHARLOTTE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2014 AND 2013

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk currently include cash, pledges receivables and various investments.

The Organization maintains its cash in accounts at financial institutions in Charlotte County, Florida. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At March 31, 2014 and 2013, accounts at these institutions were fully insured.

Accounts with a financial services company consisted of interest-bearing cash investment accounts, stocks and mutual funds. Accounts at the financial services company are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. As of March 31, 2014 and 2013, account balances were fully insured.

The United Way received an estimated 20% of its total campaign pledge revenue for the fiscal years ended March 31, 2014 and 2013 respectively, from a major corporate contributor. Management believes this contributor will continue its support of United Way in the foreseeable future. However, a reduction in amounts received from this contributor, or in pledge contribution revenue in general, could result in a reduction of amounts available for agency allocations.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization adopted Accounting Standards Codification ASC 740-10, *Income Taxes* as it relates to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. Currently the 2011, 2012, and 2013 tax years are open and subject to examination by the Internal Revenue Services. However, the Organization is not currently under audit nor has the Organization been contacted by any tax jurisdiction.

Based on an evaluation of the Organization’s tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2014 and 2013.

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2014 AND 2013**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Reclassifications

Certain items in the 2013 comparative totals have been reclassified to conform to the 2014 presentation.

Subsequent Events

The Organization has evaluated subsequent events and transactions after March 31, 2014 through August 13, 2014, the date the financial statements were available to be issued.

**Note 2 – Cash and Cash Equivalents and Certificates of Deposit**

Cash included the following at March 31, 2014 and 2013:

	2014	2013
Petty Cash	\$ 197	\$ 94
Checking Accounts	117,228	76,816
Money Market Funds	2,504	284,477
	<u>\$119,929</u>	<u>\$361,387</u>

**Note 3 – Pledges Receivable**

Pledges receivable basically relate to the Organization's annual campaign. The allowance for uncollectible pledges is determined by management based primarily on historical collection experience. Pledges receivable and the allowance for uncollectible pledges at March 31, 2014 and 2013 are summarized as follows:

	Gross Pledges Receivable	Allowance for Uncollectible Pledges	Net Pledges Receivable
At March 31, 2014	\$ 316,443	\$ 15,000	\$ 301,443
At March 31, 2013	\$ 444,628	\$ (115,584)	\$ 329,044

**Note 4 – Endowment Fund Investments**

The Organization's endowment fund has resulted from donors' charitable contributions not related to the Organization's annual fundraising campaign. The Organization's current policy is to utilize income from endowment fund investments to offset management and general expenses. Endowment fund principal, based on the Organization's current policy, could only be utilized for Organization projects with the approval of the Board of Directors.

**UNITED WAY OF CHARLOTTE COUNTY, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**MARCH 31, 2014 AND 2013**

**Note 4 – Endowment Fund Investments (Continued)**

Endowment fund investments are recorded based on readily published market values. Cost and unrealized appreciation (depreciation) at March 31, 2014 and 2013 are summarized as follows:

At March 31, 2014

	Cost or Basis	Market Value	Prior Unrealized Appreciation (Depreciation)	2014 Unrealized Appreciation (Depreciation)
Mutual funds	\$ 296,024	\$ 318,062	\$ 20,113	\$ 1,925
REITs	20,000	20,910	(36)	946
<b>Totals</b>	<b>\$ 316,024</b>	<b>\$ 338,972</b>	<b>\$ 20,077</b>	<b>\$ 2,871</b>

At March 31, 2013

	Cost or Basis	Market Value	Prior Unrealized Appreciation (Depreciation)	2013 Unrealized Appreciation (Depreciation)
Mutual funds	\$ 212,107	\$ 225,498	\$ -0-	\$ 13,391
REITs	212,452	157,847	(55,213)	608
<b>Totals</b>	<b>\$ 424,559</b>	<b>\$ 383,345</b>	<b>\$ (55,213)</b>	<b>\$ 13,999</b>

**Note 5 – Property and Equipment**

Property and equipment at March 31, 2014 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$ (99,405)	\$ 572,558
Furniture & fixtures	5 – 7	13,456	(11,919)	1,537
Computer hardware	5	17,684	(15,475)	2,209
Computer software	3 – 5	7,840	(7,840)	-0-
Leasehold improvements	15	9,700	(5,358)	4,345
		<b>\$ 720,643</b>	<b>\$ (139,997)</b>	<b>\$ 580,646</b>

Property and equipment at March 31, 2013 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$ (82,175)	\$ 589,788
Furniture & fixtures	5 – 7	13,456	(10,880)	2,576
Computer hardware	5	16,573	(14,025)	2,548
Computer software	3 – 5	7,840	(7,840)	-0-
Leasehold improvements	15	9,700	(4,711)	4,989
		<b>\$ 719,532</b>	<b>\$ (119,631)</b>	<b>\$ 599,901</b>

Depreciation of \$20,365 and \$20,675 for the fiscal years ended March 31, 2014 and 2013, respectively, was charged entirely to expense.

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**Note 6 – Long Term Debt**

On June 25, 2008, the Organization obtained a commercial mortgage related to its purchase of the office building in the Murdock Professional Center. This commercial mortgage is for \$510,000 and is secured by the building. The note is a 20 year mortgage at a fixed interest rate of 6.65%, with a monthly payment of \$3,877 including principal and interest.

Principal maturities of the mortgage payable during the next five years and thereafter are estimated as follows:

Year ended March 31, 2015	\$ 18,964
Year ended March 31, 2016	20,166
Year ended March 31, 2017	21,780
Year ended March 31, 2018	23,220
Year ended March 31, 2019	24,812
March 31, 2020 and thereafter	<u>316,099</u>
	<b><u>\$ 425,041</u></b>

**Note 7 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at March 31, 2014 and 2013 include the following:

	<u>2014</u>	<u>2013</u>
Publix Assistance	\$ 15,565	\$ 19,971
Season of Sharing	68,515	40,569
	<b><u>\$ 84,080</u></b>	<b><u>\$ 60,540</u></b>

**Note 8 – Pension Plan**

The Organization offers employees, who meet certain eligibility requirements, a pension arrangement. The Organization's contributions are based on 7% of an employee's salary. The Organization's pension expense for the fiscal years ended March 31, 2014 and 2013 was \$7,124 and \$5,659, respectively.

**Note 9 – Commitments**

One of the purposes of the Organization is to provide funding to eligible charities and community agencies for the benefit of Charlotte County citizens. The Organization's allocation committee reviews requests for such funding and recommends funding amounts to the Organization's board of directors. The approved funding to eligible charities and community agencies is generally paid on a monthly basis during the subsequent fiscal year. The accrued agency allocations of \$324,135 at March 31, 2014 will be paid from June 2014 to March 2015. The accrued agency allocations of \$352,197 at March 31, 2013, were paid from June 2013 to March 2014.



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**Note 9 – Commitments (Continued)**

For the fiscal year ended March 31, 2014, the Organization received and was committed to allocate grant funds totaling \$25,000 from the City of Punta Gorda and \$295,653 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2013, \$315,957 of this was paid out and the remaining \$4,695 is recorded as a grant payable at March 31, 2014. For the fiscal year ended March 31, 2013, the Organization received and was committed to allocate grant funds totaling \$25,000, from the City of Punta Gorda and \$591,305 to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2013, \$318,028 of this was paid out, and the remaining \$298,277 was recorded as a grant payable at March 31, 2013.

**Note 10 – Statement of Cash Flows**

The Organization did not participate in any non-cash investing and financing activities during the fiscal years ended March 31, 2014 and 2013 and no payments relating to income taxes were made during these fiscal years. During the fiscal years ended March 31, 2014 and 2013, payments made for interest expense totaled \$31,798 and \$28,118, respectively.

**Note 11 – Fair Value Measurements**

Financial Accounting Standards Codification (ASC) 820-10-50, *Fair Value Measurements and Disclosures*, established a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are described below:

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

Level 2 - Inputs to the valuation methodology included:

- 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.

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**Note 11 – Fair Value Measurements (Continued)**

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2014.

Mutual Funds: Valued at the net asset value (“NAV”) of the shares held at year end.

REIT’S: Valued at the net asset value (“NAV”) of the ownership interest in each trust. The values are provided by the sponsor, generally through an intermediary, and purport to reflect an estimate of the interest in the REIT represented by the units described.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 financial instruments at fair value as of March 31, 2014:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 318,062	\$ -0-	\$ -0-	\$ 318,062
REIT’S	-0-	-0-	20,910	20,910
Total Investments at Fair Value	<u>\$ 318,062</u>	<u>\$ -0-</u>	<u>\$ 20,910</u>	<u>\$ 338,972</u>

The following table sets for by level, within the fair value hierarchy, the Organization’s financial instruments at fair value as of March 31, 2013:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 225,498	\$ -0-	\$ -0-	\$ 225,498
REIT’S	-0-	-0-	157,847	157,847
Total Investments at Fair Value	<u>\$ 225,498</u>	<u>\$ -0-</u>	<u>\$ 157,847</u>	<u>\$ 383,345</u>

**Level 3 Gains and Losses**

The table below sets forth a summary of changes in the fair value of the Organization’s Level 3 instruments for the year ended March 31, 2014:

	REIT’S
Balance, beginning of year	\$ 19,964
Unrealized gains (losses)	946
Balance, end of year	<u>\$ 20,910</u>

The table below sets forth a summary of changes in the fair value of the Organization’s Level 3 instruments for the year ended March 31, 2013.

	REIT’S
Balance, beginning of year	\$ 157,239
Unrealized gains (losses)	608
Balance, end of year	<u>\$ 157,847</u>

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**Note 12 – Change in County Funding Method**

During the year ended March 31, 2014, Charlotte County changed the funding method on their grant from an advance lump-sum payment to a monthly allocation payment. This funding method change reduced the accrued grant revenue by \$295,652. These funds are directly passed through to sub-contractors as approved by the county therefore; a reduction in grant allocation expense, cash and grants payable liability has been reflected in the March 31, 2014 financial statements. This was a change in the method of funding the grant not the financial terms of the grant.