



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

**Financial Statements, Reports  
Required by Government Auditing Standards and  
OMB Circular A-133, Schedule of Expenditures  
of Federal Awards and Supplemental  
Information**

**For the Years Ended June 30, 2013 and 2012**

**United Way of Broward County, Inc.**  
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## Independent Auditor's Report

To the Board of Directors  
United Way of Broward County, Inc.  
Fort Lauderdale, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Broward County, Inc. (the "United Way"), which comprise the statements of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities and changes in net assets, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Broward County, Inc. as of June 30, 2013 and June 30, 2012, and the activities and changes in its net assets, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

### *Other Information*

Our audits of the financial statements included in this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplemental information on page 41, as listed in the table of contents, is presented for purposes of additional analysis and is 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 basic 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 basic 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014 on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

Miami, Florida  
January 24, 2014

BDO USA, LLP

Certified Public Accountants

**United Way of Broward County, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Cash and cash equivalents	\$ 2,226,381	\$ 2,750,830
Investments (Note 2)	5,249,375	4,982,715
Contributions receivable and donor designated pledges receivable, net of discount and allowance (Note 3)	3,925,355	3,841,145
Grants receivable and other receivables	428,897	464,804
Prepaid expenses and other assets	81,464	71,545
<b>Total Current Assets</b>	<b>11,911,472</b>	<b>12,111,039</b>
Contributions receivable, net of discount and allowance (Note 3)	124,947	255,060
Land, buildings and equipment, net (Note 4)	429,248	384,163
Beneficial interest in assets held by others (Note 9)	1,168,455	1,125,431
<b>Total Assets</b>	<b>\$ 13,634,122</b>	<b>\$ 13,875,693</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 728,140	\$ 620,341
Accrued pension cost (Note 5)	801,606	947,400
Approved allocations payable	6,736,267	6,236,883
Donor designations payable	538,057	863,150
Deferred revenue	85,408	50,196
<b>Total Liabilities</b>	<b>8,889,478</b>	<b>8,717,970</b>
<b>Commitments and Contingencies (Note 11)</b>		
<b>Net Assets</b>		
Unrestricted:		
Undesignated (Note 7)	1,489,211	2,513,312
Board designated endowment (Notes 5, 6 and 7)	1,587,498	1,463,061
Board designated allocations (Note 7)	136,000	26,000
<b>Total Unrestricted Net Assets</b>	<b>3,212,709</b>	<b>4,002,373</b>
Temporarily restricted (Note 7)	531,308	154,723
Permanently restricted (Notes 6 and 7)	1,000,627	1,000,627
<b>Total Net Assets</b>	<b>4,744,644</b>	<b>5,157,723</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,634,122</b>	<b>\$ 13,875,693</b>

*See accompanying notes to the financial statements*

**United Way of Broward County, Inc.**  
**Statements of Activities and Changes in Net Assets**

	<i>Year ended June 30, 2013</i>			<i>Total</i>	<i>Year ended June 30, 2012</i>			<i>Total</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>		<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	
<b>Revenues</b>								
Gross contributions	\$ 9,801,903	\$ 1,104,845	\$ -	\$10,906,748	\$9,206,742	\$ 1,493,232	\$ -	\$10,699,974
Less donor designations	(871,555)	(604,845)	-	(1,476,400)	-	(1,493,232)	-	(1,493,232)
Less provision for uncollectible pledges (Note 3)	(755,692)	-	-	(755,692)	(611,120)	-	-	(611,120)
<b>Net contributions</b>	<b>8,174,656</b>	<b>500,000</b>	<b>-</b>	<b>8,674,656</b>	<b>8,595,622</b>	<b>-</b>	<b>-</b>	<b>8,595,622</b>
Legacies and bequests	2,490	-	-	2,490	472,070	-	-	472,070
Federal, state & private grants	2,521,391	-	-	2,521,391	2,228,850	188,014	-	2,416,864
Dividends and interest	107,296	-	-	107,296	97,067	-	-	97,067
Net investment gain (loss) (Note 2)	441,152	-	-	441,152	(58,308)	-	-	(58,308)
Events and other revenue	374,418	-	-	374,418	230,729	-	-	230,729
Net assets released from restrictions:								
Purpose restrictions met	123,415	(123,415)	-	-	186,520	(186,520)	-	-
Expiration of time restrictions	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>11,744,818</b>	<b>376,585</b>	<b>-</b>	<b>12,121,403</b>	<b>11,752,550</b>	<b>1,494</b>	<b>-</b>	<b>11,754,044</b>
<b>Expenses</b>								
Allocations and contracted program services								
Funds allocated to member agencies	5,875,184	-	-	5,875,184	5,640,585	-	-	5,640,585
Contracted program services	1,696,906	-	-	1,696,906	1,467,460	-	-	1,467,460
<b>Total allocations and contracted program services</b>	<b>7,572,090</b>	<b>-</b>	<b>-</b>	<b>7,572,090</b>	<b>7,108,045</b>	<b>-</b>	<b>-</b>	<b>7,108,045</b>
Functional expenses:								
Program services	2,444,308	-	-	2,444,308	2,399,280	-	-	2,399,280
Supporting services:								
Donor relations	1,964,789	-	-	1,964,789	1,892,150	-	-	1,892,150
Management and general	553,295	-	-	553,295	761,682	-	-	761,682
<b>Total supporting services</b>	<b>2,518,084</b>	<b>-</b>	<b>-</b>	<b>2,518,084</b>	<b>2,653,832</b>	<b>-</b>	<b>-</b>	<b>2,653,832</b>
<b>Total functional expenses</b>	<b>4,962,392</b>	<b>-</b>	<b>-</b>	<b>4,962,392</b>	<b>5,053,112</b>	<b>-</b>	<b>-</b>	<b>5,053,112</b>
<b>Total allocations, contracted program services, and functional expenses</b>	<b>12,534,482</b>	<b>-</b>	<b>-</b>	<b>12,534,482</b>	<b>12,161,157</b>	<b>-</b>	<b>-</b>	<b>12,161,157</b>
<b>Change in net assets</b>	<b>(789,664)</b>	<b>376,585</b>	<b>-</b>	<b>(413,079)</b>	<b>(408,607)</b>	<b>1,494</b>	<b>-</b>	<b>(407,113)</b>
Net assets, beginning of year	4,002,373	154,723	1,000,627	5,157,723	4,410,980	153,229	1,000,627	5,564,836
<b>Net assets, end of year</b>	<b>\$ 3,212,709</b>	<b>\$ 531,308</b>	<b>\$ 1,000,627</b>	<b>\$4,744,644</b>	<b>\$ 4,002,373</b>	<b>\$ 154,723</b>	<b>\$ 1,000,627</b>	<b>\$ 5,157,723</b>

*See accompanying notes to the financial statements*

**United Way of Broward County, Inc.**  
**Statements of Functional Expenses**

<i>Year ended June 30, 2013</i>	<i>Program Services</i>	<i>Supporting Services</i>		<i>Total</i>
		<i>Donor Relations</i>	<i>Management and General</i>	
Funds allocated to member agencies	\$ 5,875,184	\$ -	\$ -	\$ 5,875,184
Contracted program services	1,696,906	-	-	1,696,906
<b>Total allocations and contracted program services</b>	<b>\$ 7,572,090</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,572,090</b>
Salaries and wages	\$ 1,488,134	\$ 968,349	\$ 299,092	\$ 2,755,575
Employee benefits	158,951	83,343	32,261	274,555
Payroll taxes	120,092	78,146	24,212	222,450
<b>Total salaries and related expenses</b>	<b>1,767,177</b>	<b>1,129,838</b>	<b>355,565</b>	<b>3,252,580</b>
Pension	118,192	76,909	23,755	218,856
Professional fees	91,867	121,908	50,172	263,947
Conferences and outreach events	39,124	233,348	30,181	302,653
National and state affiliations	69,337	45,331	23,879	138,547
Advertising and awareness	89,643	135,127	2,200	226,970
Equipment rental and maintenance	46,777	40,554	10,395	97,726
Printing and publications	39,580	62,264	1,393	103,237
Occupancy	39,253	26,169	21,053	86,475
Insurance	41,260	26,848	8,293	76,401
Supplies	24,462	9,858	3,194	37,514
Telephone	19,985	11,110	3,432	34,527
Temporary staffing fees	6,000	-	-	6,000
Travel	4,786	11,475	641	16,902
Postage and shipping	10,536	4,806	1,609	16,951
Other expenses	9,294	11,221	2,514	23,029
<b>Total expenses before depreciation</b>	<b>2,417,273</b>	<b>1,946,766</b>	<b>538,276</b>	<b>4,902,315</b>
Depreciation	27,035	18,023	15,019	60,077
<b>Total functional expenses</b>	<b>2,444,308</b>	<b>1,964,789</b>	<b>553,295</b>	<b>4,962,392</b>
<b>Total allocations, contracted program services, and functional expenses</b>	<b>\$ 10,016,398</b>	<b>\$ 1,964,789</b>	<b>\$ 553,295</b>	<b>\$ 12,534,482</b>

*See accompanying notes to the financial statements*

**United Way of Broward County, Inc.**  
**Statements of Functional Expenses**

<i>Year ended June 30, 2012</i>	<i>Program Services</i>	<i>Supporting Services</i>		<i>Total</i>
		<i>Donor Relations</i>	<i>Management and General</i>	
Funds allocated to member agencies	\$ 5,640,585	\$ -	\$ -	\$ 5,640,585
Contracted program services	1,467,460	-	-	1,467,460
<b>Total allocations and contracted program services</b>	<b>\$ 7,108,045</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,108,045</b>
Salaries and wages	\$ 1,295,678	\$ 908,535	\$ 298,323	\$ 2,502,536
Employee benefits	107,541	75,408	24,239	207,188
Payroll taxes	104,950	73,591	23,228	201,769
<b>Total salaries and related expenses</b>	<b>1,508,169</b>	<b>1,057,534</b>	<b>345,790</b>	<b>2,911,493</b>
Pension	319,891	225,215	79,475	624,581
Professional fees	64,788	88,148	178,370	331,306
Conferences and meetings	59,244	182,731	5,068	247,043
National and state affiliations	79,476	57,564	20,963	158,003
Advertising and awareness	136,841	37,339	1,578	175,758
Equipment rental and maintenance	59,063	35,144	13,653	107,860
Printing and publication	8,239	85,211	2,808	96,258
Occupancy	36,432	24,473	20,240	81,145
Insurance	2,124	1,416	64,009	67,549
Supplies	13,976	18,249	3,257	35,482
Telephone	19,393	10,395	3,399	33,187
Loaned executives	3,488	4,954	16,390	24,832
Travel	7,576	15,013	575	23,164
Postage and shipping	7,441	9,262	1,719	18,422
Other expenses	44,808	20,615	(11,351)	54,072
<b>Total expenses before depreciation</b>	<b>2,370,949</b>	<b>1,873,263</b>	<b>745,943</b>	<b>4,990,155</b>
Depreciation	28,331	18,887	15,739	62,957
<b>Total functional expenses</b>	<b>\$ 2,399,280</b>	<b>\$ 1,892,150</b>	<b>\$ 761,682</b>	<b>\$ 5,053,112</b>
<b>Total allocations, contracted program services, and functional expenses</b>	<b>\$ 9,507,325</b>	<b>\$ 1,892,150</b>	<b>\$ 761,682</b>	<b>\$ 12,161,157</b>

*See accompanying notes to the financial statements*

**United Way of Broward County, Inc.**  
**Statements of Cash Flows**

<i>Year ended June 30,</i>	2013	2012
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (413,079)	\$ (407,113)
Adjustments to reconcile change in net assets to net cash provided by (used in) provided by operating activities:		
Depreciation	60,077	62,957
Provision for uncollectible pledges	755,692	611,120
Discount on contributions receivable	(2,852)	44,940
Net unrealized and realized (gains) losses on investments	(441,152)	58,308
(Increase) decrease in:		
Contributions and donor-designated pledges receivable	(706,937)	(821,940)
Grants receivable and other receivable	35,906	(17,570)
Prepaid expenses and other assets	(9,919)	(22,316)
Beneficial interest in assets held by others	(43,024)	68,282
Increase (decrease) in:		
Accounts payable and accrued expenses	107,799	(69,714)
Accrued pension cost	(145,794)	482,109
Deferred revenue	35,212	50,196
Approved allocations payable	499,384	(51,886)
Donor designations payable	(325,093)	87,463
<b>Net cash (used in) provided by operating activities:</b>	<b>(593,780)</b>	<b>74,835</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of equipment and building improvements	(105,162)	(122,860)
Investment purchases	(70,615)	(428,221)
Investment sales	245,108	2,127,817
<b>Net cash provided by investing activities</b>	<b>69,330</b>	<b>1,576,736</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(524,449)</b>	<b>1,651,571</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,750,830</b>	<b>1,099,259</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,226,381</b>	<b>\$ 2,750,830</b>
<b>Noncash Investing Activities:</b>		
Donated Fixed Assets	\$ -	\$ 7,045

*See accompanying notes to the financial statements*

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**1. Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

United Way of Broward County, Inc. (the "Organization" or "United Way") is a volunteer-driven, not-for-profit organization whose mission is to focus and unite our entire community to create significant lasting change in the community impact areas of Education, Income and Health - the building blocks for a better life - which positively impacts people's lives. Revenues are derived principally from contributions that are received from year round fundraising activities that United Way conducts via direct solicitation to individual and corporate contributions as well as from major fundraising activities.

**Basis of Presentation**

The financial statements of United Way have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Net Assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Unrestricted - net assets that are not subject to donor-imposed restrictions
- Temporarily restricted - net assets that are subject to donor-imposed restrictions that may or will be met by actions of United Way or that expire by the passage of time
- Permanently restricted - net assets that are subject to donor-imposed restrictions that require the assets to be permanently maintained by United Way

**Endowment Net Asset Classification**

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205 *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA")*, and *Enhanced Disclosures for all Endowment Funds*, provides guidance on classifying net assets of donor restricted and board-designated endowment funds held by organizations whether or not they are subject to an enacted version of UPMIFA (refer to Note 6).

**Contributions/Promises to Give/Donor-Designated Pledges**

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the effective interest rate applicable to the donor in the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**1. Organization and Summary of Significant Accounting Policies (continued)**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The Organization's top 10 donor organizations represent 52% of total contributions presented in the statement of activities and changes in net assets for the year ended June 30, 2013. The top 10 donors represent large corporations with substantial history of contributions to the Organization.

**Contributed Property and Equipment**

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Donated Services**

A substantial number of volunteers have donated significant amounts of their time to the Organization's fund-raising campaigns during the year. The value of these services has not been reflected in the accompanying financial statements since the services do not require specialized skills, and hence, do not meet the criteria for recognition under GAAP.

Advertising, including television and radio, have been donated during the year. The value of these services has not been reflected in the accompanying financial statements as the services would not have been purchased if not provided by donation.

**Beneficial Interest in Assets Held by Others**

The Organization has beneficial interests in perpetual trusts, the funds of which are invested with Community Foundation of Broward Inc., in the name of the United Way. As of June 30, 2013, the fair value of these funds equates to \$1,168,455; of these funds, \$1,000,627 are restricted to maintain the purpose of the funds in perpetuity. The net income of the funds shall be distributed at least annually to the Organization, and is expendable to support the Organization.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**1. Organization and Summary of Significant Accounting Policies (continued)**

**Allocations to Agencies**

Annually, the Board of Directors decides which not-for-profit agencies will receive funding from the United Way. The Board of Directors decisions are based on an evaluation of the funding request from the various agencies and the availability of unrestricted net assets. Once a decision including the amount, has been determined and approved by the Board, the liability and the related expense is recorded.

**Donor Designations**

The Organization has adopted FASB ASC 958-20, *Not-for-Profit Entities, Financially Interrelated Entities*, which applies to the Organization as a recipient that accepts cash or other financial assets from a donor and agrees to transfer those assets to a specified qualified beneficiary. The Organization as an intermediary recognizes the fair value of those assets as a liability to the specified beneficiary concurrent with the recognition of the assets received from the donor. The Organization refers to this type of donor contribution as donor designations. Donor designations that were pledged for the years ended June 30, 2013 and 2012 are \$1,476,400 and \$1,493,232, respectively, and are not included in net revenues. Gross contributions are shown net of donor designations on the statements of activities and changes in net assets.

Administrative fees of up to 10% of the amounts designated, subject to certain limitations, are netted against donor designations. Partner agencies receiving designations from the United Way campaign are charged an administrative fee based upon amounts received in accordance with United Way Worldwide guidelines. United Way is an approved federation representing partner agencies in the combined federal campaign. The partner agencies participating in the combined federal campaign have not been charged dues and/or service charges as a requirement for participation in such campaign.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consists of cash held in checking and money market accounts, which approximates fair value at June 30, 2013 and 2012.

**Investments**

United Way accounts for its investments in marketable securities and all investments in debt securities with readily determinable fair values in the statements of financial position. Investments as of June 30, 2013 and 2012 consist of equity securities and debt securities. Investment income (including gains and losses on investments, interest and dividends) is included in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**1. Organization and Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

According to FASB ASC 820-10 *Fair Value Measurements*, fair value is defined as the price the United Way would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

**Level 2** - Inputs to the valuation methodology are based on inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities either directly or indirectly. Inputs include quoted prices for similar assets and liabilities in active markets, including the following:

- 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, Level 2 inputs must be observable for substantially the full term of the asset or liability.

**Level 3** - Inputs that are unobservable reflecting management's own assumptions to determine the valuation methodology, which is 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

The 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 June 30, 2013.

*Equity Securities:* Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Certificate of Deposits:* Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Fixed Income Securities:* Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**1. Organization and Summary of Significant Accounting Policies (continued)**

*Beneficial Interest in Assets Held By Others:* Fair value is derived principally from inputs that are corroborated by observable market data by correlation or other means that the Organization has the ability to access.

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, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Grants Receivable**

Grants receivable represent unconditional grant awards from various sources, which may include private donors, federal, state, and local governmental agencies, and other not-for-profit agencies. Grants receivable that are expected to be received within one year are recorded at their net realizable value. Grants receivable that are expected to be received in future years are recorded at the present value of future cash flows. The discounts on those amounts are computed using the effective interest rate applicable to the donor in the year in which the grant is awarded. Amortization of the discount is recorded in grant revenue. All grants receivable were current as of June 30, 2013 and 2012.

**Land, Buildings and Equipment**

Land, buildings and equipment are recorded at cost. The Organization follows the practice of capitalizing all expenditures for buildings and equipment in excess of \$500; the fair value of donated fixed assets are similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, ranging from 5 to 40 years, on a straight-line basis.

**Income Taxes**

United Way is a non-profit corporation whose revenues are derived from contributions and other fund-raising activities and is not subject to federal or state income taxes. United Way is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986, except for any income that may be a result of unrelated business transactions.

United Way is required under GAAP to recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained.

United Way does not believe that it has any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. United Way has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, United Way has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. United Way believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2010. However, United Way is still open to examination by taxing authorities from fiscal year 2010 forward. No interest or penalties have been recorded in the financial statements related to any uncertain tax positions.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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1. Organization and Summary of Significant Accounting Policies (continued)

*Use of Estimates in the Preparation of Financial Statements*

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 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. Actual results could differ from those amounts.

*Functional Allocation of Expenses*

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefitted.

*Concentrations of Credit and Market Risk*

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents and investments are maintained at high-quality financial institutions and credit exposure is limited at any one institution. At year-end and throughout the year, the Organization's cash balances were deposited in a bank. All of the United Way's non-interest bearing accounts are fully insured at June 30, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there was no limit to the amount of insurance for eligible accounts. Beginning 2013, the insurance coverage reverted to the \$250,000 per depositor at each financial institution, and the United Way's non-interest bearing cash accounts may exceed federally insured limits. Management believes that the Organization is not exposed to any significant credit risk on its cash and cash equivalents. Furthermore, the Organization has not experienced any losses on its cash and cash equivalents. In addition, the Organization's investments do not represent significant concentrations of market risk in as much as the Organization's investment portfolio is adequately diversified among issuers. See (Note 2).

At June 30, 2013, United Way has \$1,909,712 in interest bearing deposit accounts that are in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage.

*Reclassification*

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

*Subsequent Events*

The date to which events occurring after June 30, 2013, the date of the most recent statement of financial position, has been evaluated for possible adjustments to the financial statements or disclosure is January 24, 2014.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**2. Investments**

Investments, stated at fair value, at June 30, 2013 and 2012 include:

	2013	2012
Equity securities	\$ 3,232,021	\$ 2,865,550
Fixed income securities	2,017,354	2,117,165
	\$ 5,249,375	\$ 4,982,715

Unrestricted investment income from cash equivalents and investments for the years ended June 30, 2013 and 2012 are as follows:

<i>Year ended June 30,</i>	2013	2012
Dividends and interest	\$ 107,296	\$ 97,067
Net realized gains	506,294	48,188
Net unrealized (losses) gains	(65,142)	(106,496)
	\$ 548,448	\$ 38,759

**Risks and Uncertainties**

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position. The Organization, through its investment advisor, monitors the Organization's investments and the risks associated on a regular basis, wherein the Organization believes that this process minimizes those risks.

**Fair Value**

United Way's investments that are recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820 and United Way's accounting policies as disclosed in Note 1. The following table sets forth by level, within the fair value hierarchy, United Way's investments at fair value as of June 30, 2013:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity	\$ 3,232,020	\$ -	\$ -	\$ 3,232,020
Fixed income	2,017,354	-	-	2,017,354
	\$ 5,249,375	\$ -	\$ -	\$ 5,249,375
Beneficial Interest in assets held by others	\$ -	\$ -	\$ 1,168,455	\$ 1,168,455

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

**2. Investments (continued)**

The following table sets forth by level, within the fair value hierarchy, United Way's investments at fair value as of June 30, 2012:

<i>Assets</i>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity securities	\$ 2,865,550	\$ -	\$ -	\$ 2,865,550
Fixed income securities	2,117,165	-	-	2,117,165
	\$ 4,982,715	\$ -	\$ -	\$ 4,982,715
Beneficial Interest in assets held by others	\$ -	\$ -	\$ 1,125,431	\$ 1,125,431

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that United Way has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs. Changes in Level 3 assets measured at fair value for the years ended June 30, 2013 and 2012 are as follows:

Year Ended June 30, 2013	Beginning Balance	Contributions	Net Unrealized Gains (Losses)/ Distributions	Total
Beneficial Interest in Assets held by Community Foundation of Broward	\$ 1,125,431	\$ -	\$ 43,024	\$ 1,168,455

Year Ended June 30, 2012	Beginning Balance	Contributions	Net Unrealized Gains (Losses)/ Distributions	Total
Beneficial Interest in Assets held by Community Foundation of Broward	\$ 1,193,713	\$ -	\$ (68,282)	\$ 1,125,431

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**3. Contributions Receivables & Donor Designated Pledges Receivable**

Unconditional promises to give, which are included in contributions receivable, at June 30, 2013 and 2012 are as follows:

	2013	2012
Contributions receivable less than one year	\$4,587,549	\$ 4,458,189
Contributions receivable one to five years	955,085	1,192,268
Unamortized discount	(42,088)	(44,940)
<b>Total</b>	<b>5,500,546</b>	<b>5,605,517</b>
Allowance for uncollectible contributions	(1,450,244)	(1,509,312)
<b>Total, net of allowance and unamortized discount</b>	<b>\$4,050,302</b>	<b>\$ 4,096,205</b>

All donor designated receivables are due and payable within one year as of June 30, 2013. Contributions receivable are unconditional promises to give that represent a period of one year or more and are measured at the present value of future cash flows based on a discount rate at the date of the contribution. For the year ended June 30, 2013, the discount rate was 3.22%. United Way will not satisfy the donors' requests should it not collect designated pledge receivables from the donors.

The Organization historically writes off approximately 7.5% of its annual contribution revenues, and establishes an allowance for uncollectible contributions of approximately 7.5% of annual contribution revenues. Contribution receivable write offs occur two years after a pledge campaign year is completed. The bad debt allowance as of June 30, 2013 and 2012 represents the allowances for uncollectible contributions for the past two years of campaign contribution revenue. The allowance for the oldest campaign year's revenues at each fiscal year end approximates the outstanding contribution receivable balance for that campaign year as of June 30, 2013 and 2012.

**4. Land, Buildings and Equipment, net**

At June 30, land, buildings and equipment, net, consisted of the following:

	<i>Useful Lives</i>	2013	2012
Land		\$76,900	\$ 76,900
Buildings and improvements	10-40 years	1,444,143	1,383,598
Furniture, equipment and software	5-10 years	1,380,395	1,335,778
<b>Total</b>		<b>\$2,901,438</b>	<b>2,796,276</b>
Less: accumulated depreciation		(2,472,190)	(2,412,113)
<b>Total Land, Buildings, and Equipment, net</b>		<b>\$429,248</b>	<b>\$ 384,163</b>

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**5. Employees' Retirement Plans**

**Defined Benefit Plan**

The Organization has a non-contributory defined benefit pension plan (the "Plan") which was frozen effective December 31, 2003. The benefits which were frozen on that date are based on years of service and highest average earnings during five consecutive years of the last ten years of employment for plan participants. The funding policy is to contribute an amount not less than the ERISA minimum funding requirement. The plan assets comprise of fixed income and equity securities. The latest actuarial valuation is for the fiscal year ending June 30, 2013. The Organization has begun the process of plan termination of the defined benefit pension plan during fiscal year ended June 30, 2014 and will obtain a final settlement liability. The following tables set forth the benefit obligation, fair value of plan assets, the funded status of the Plan, amounts recognized in the financial statements and the principal weighted average assumptions that were used. During the fiscal year ended June 30, 2013, the United Way purchased an annuity on behalf of a group of retirees, which resulted in a reduction of the benefit obligation between June 30 2012 and 2013.

As of June 30,	2013	2012
Benefit obligation	\$1,218,110	\$ 2,915,805
Fair value of plan assets	(416,504)	(1,968,405)
Unfunded status	801,606	947,400
Accrued benefit cost recognized in the statement of financial position	\$801,606	\$ 947,400

The components of the net periodic benefit cost for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Interest cost	\$54,817	\$ 116,944
Expected return on plan assets	9,388	(112,636)
Recognized net actuarial loss	3,459	34,194
Net periodic benefit cost	67,664	\$ 38,502

Projected benefits for the next ten years are as follows:

<i>Fiscal Year</i>	
2014	\$15,592
2015	16,640
2016	17,938
2017	38,891
2018	42,525
2019 through 2023	270,166
Total	\$401,752

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**5. Employees' Retirement Plans (continued)**

The following are weighted-average assumptions used to determine benefit obligations at June 30:

	2013	2012
Discount rate	4.77%	4.13%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	0%	0%
Employer contribution	\$ 152,216	\$ 142,473
Benefits paid	\$ (45,443)	\$ (83,598)

The weighted average assumptions are based on the activity of the Plan from July 1, 2012 through June 30, 2013.

The following table is a reconciliation of the change in plan assets from July 1, 2012 through June 30, 2013:

	2013
Plan assets, July 1, 2012	\$ 1,968,405
Contributions	152,216
Return	101,326
Annuities purchased	(1,760,000)
Benefits paid	(45,443)
<b>Plan assets, June 30, 2013</b>	<b>\$ 416,504</b>

**Defined Contribution Plan**

During 1999, the Organization established a defined contribution pension plan covering all regular employees over the age of 21 and having at least three months of service. Employer contributions for the years ended June 30, 2013 and 2012 amounted to \$21,008 and \$27,941, respectively.

Participant's contributions and actual earnings or losses thereon are immediately vested. Vesting in the employer's contributions plus actual earnings or losses thereon is based on years of continuous service. A participant is 100% vested after six years of service according to the following schedule:

Years of Service	Vested Percentage
1	0
2	20
3	40
4	60
5	80
6	100

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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Service with other United Way organizations may be considered when determining years of service in accordance with the plan documents. Upon termination of employment, a participant's non-vested amounts are forfeited in accordance with the Plan document. Upon death, total disability or retirement, participants become 100% vested in their employer contributions.

**6. Endowment Net Asset Classification**

The Organization's endowments consist of funds established for a variety of purposes related to the Organization's missions and programs. These endowments include funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act 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, and (b) the original value of subsequent gifts to the permanent endowment.

As of June 30, 2013, endowment net assets consisted of the following:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor restricted endowment funds	\$ -	\$ -	\$1,000,627	\$1,000,627
Board designated quasi-endowment funds	1,587,498	-	-	1,587,498
	<b>\$ 1,587,498</b>	<b>-</b>	<b>\$1,000,627</b>	<b>\$2,588,125</b>

As of June 30, 2012, endowment net assets consisted of the following:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor restricted endowment funds	\$ -	\$ -	\$1,000,627	\$1,000,627
Board designated quasi-endowment funds	1,463,061	-	-	1,463,061
	<b>\$1,463,061</b>	<b>\$ -</b>	<b>\$1,000,627</b>	<b>\$2,463,688</b>

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**6. Endowment Net Asset Classification (Continued)**

Changes to endowment net assets for the year ended June 30, 2013 are as follows:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, June 30, 2012	\$1,463,061	\$ -	\$1,000,627	\$2,463,688
Endowment investment return:				
Interest and dividends	30,558	-	-	30,558
Realized and unrealized gains	103,485	-	-	103,485
Total endowment investment return	134,043	-	-	134,043
Appropriation of endowment for expenditures	(9,606)	-	-	(9,606)
<b>Endowment net assets, June 30, 2013</b>	<b>\$1,587,498</b>	<b>\$ -</b>	<b>\$1,000,627</b>	<b>\$2,588,125</b>

Changes to endowment net assets for the year ended June 30, 2012 are as follows:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, July 1, 2011	\$ 1,145,331	\$ -	\$ 1,000,627	\$ 2,145,958
Endowment investment return:				
Interest and dividends	39,648	-	-	39,648
Realized and unrealized Gains	1,870	-	-	1,870
Total endowment investment return	41,518	-	-	41,518
Appropriation of endowment for expenditures	( 8,789)	-	-	(8,789)
Contributions	285,001	-	-	285,001
<b>Endowment net assets, June 30, 2012</b>	<b>\$1,463,061</b>	<b>\$ -</b>	<b>\$ 1,000,627</b>	<b>\$ 2,463,688</b>

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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6. Endowment Net Asset Classification (continued)

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Organization has a policy of appropriating for distributions each year up to five percent of its endowment fund's average fair value over the prior thirty six months through the calendar year-end preceding the fiscal year in which the distribution is planned. Effective November 1, 2009, there have been no distributions for operations from the Board Designated funds until June 30, 2013. In establishing this policy, the Organization considered the long-term expected return on its endowment.

7. Net Assets

At June 30, unrestricted net assets consisted of the following:

	2013	2012
Board designated allocations	\$ 136,000	\$ 26,000
Board designated endowment	1,587,498	1,463,061
Unrestricted and undesignated	1,490,444	2,513,312
<b>Total unrestricted net assets</b>	<b>\$3,213,942</b>	<b>\$ 4,002,373</b>

Temporarily restricted net assets are available at June 30, 2013 and 2012 for the following purposes or periods:

	2013	2012
Purpose restriction:		
Capital renovation	\$500,000	\$ -
Time restriction:		
Program funding for future periods	31,308	154,723
<b>Total temporarily restricted</b>	<b>\$531,308</b>	<b>\$ 154,723</b>

Temporarily restricted net assets that are time restricted are related to funding of a specific program for a period ending June 2014. The unspent funds for this program as of June 30, 2013 remain temporarily restricted.

Temporarily restricted net assets that are purpose restricted is a capital gift of \$500,000 made by an individual donor. The purpose of the gift is the renovation of the out parcel building on the United Way of Broward County campus. No funds were expended towards the project prior to June 30, 2013. The project is expected to be completed by June 30, 2014.

Permanently restricted net assets of \$1,000,627 at June 30, 2013 and 2012, respectively, are a restricted contribution of assets in perpetuity, which are held by a third party trustee, Community Foundation of Broward, Inc.

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**8. Annual Dues for National and State Affiliations**

The United Way provides funding to the State and National United Way organizations to finance programs of research, education and community services. Membership support is used to provide National Academy for Volunteerism (NAV) training and conferencing, career development, advertising, market research, campaign assistance, National Corporate Leadership and National Football League relationships, executive search, Alexis de Tocqueville Society enrollments, product and service discounts, and consultation and technical assistance.

Payments for the years ended June 30, 2013 and 2012 are based upon the campaign reported gross contributions as follows:

	2013	2012
State organization	\$ 21,737	\$ 21,414
National organization	100,728	95,205
<b>Total</b>	<b>\$122,465</b>	<b>\$116,619</b>

**9. Beneficial Interest in Assets Held by Others**

A third party trustee, Community Foundation of Broward, Inc., holds assets for the benefit of United Way in five endowment funds. The endowments were established by third party donors. The beneficial interest in assets held by others is measured by the fair value of the assets contributed at initial donation. Changes in fair value are recognized in investment income in the statement of activities and changes in net assets. The components of the change in beneficial interest for the year ended June 30 are as follows:

	2013	2012
Fair value at beginning of year	\$ 1,125,431	\$ 1,193,713
Contributions	2,490	16,203
Net appreciation (depreciation) of assets held by others	93,702	(15,811)
Change at end of the year	96,192	392
Distributions	(53,168)	(68,674)
<b>Fair value at end of the year</b>	<b>\$ 1,168,455</b>	<b>\$ 1,125,431</b>

**United Way of Broward County, Inc.**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

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**10. Leasing Arrangements**

The Organization entered into a non-cancelable operating lease agreement for the lease of four copiers/printers. The original lease is scheduled to expire in October 2013. In November 2013, a new 39 month non-cancelable operating lease agreement began for four copier and printers.

Minimum future rental commitments are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2014	\$ 23,864
2015	12,624
2016	12,624
2017	8,416
	<b>\$57,528</b>

**11. Commitments and Contingencies**

*Commitments*

In April 2009, the Organization entered into an agreement with the United Way of Delaware and the United Way of Southeastern Pennsylvania (UWSEPA) for information technology hosting services. The agreement is in effect through May 2014. The Organization pays UWSEPA \$1,500 per month for these services.

*Contingencies*

In the normal course of business, United Way has received grants which are subject to audit by agents of the relevant funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. The Board believes that all of the grant expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be significant.

*Economic Conditions*

United Way depends substantially on contributions for its revenues. The ability of certain contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to United Way. While United Way's Board of Directors believes that the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues to do so may be dependent on the above factors.

**Reports Required by Government Auditing  
Standards and OMB A-133**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
United Way of Broward County, Inc.  
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Broward County, Inc. (the "United Way"), which comprise the statement of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered United Way's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

Our 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-02 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### United Way's Response to Findings

United Way's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. United Way's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miami, Florida  
January 24, 2014

BDO USA, LLP

Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB  
CIRCULAR A-133**

To the Board of Directors  
United Way of Broward County, Inc.  
Fort Lauderdale, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the United Way of Broward County, Inc.'s (the "United Way") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the United Way's major federal programs for the year ended June 30, 2013. The United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

**Opinion on Each Major Federal Program**

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal



program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of United Way of Broward County, Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated January 24, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Miami, Florida  
January 24, 2014

BDO USA, LLP

Certified Public Accountants

## Schedule of Expenditures of Federal Awards

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**United Way of Broward County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2013**

Federal Agency/Project Title/Pass Through Agency	CFDA Numbers	Contract Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Office of Substance Abuse and Mental Health Services			
Administrative Programs:			
Pass-through:			
State of Florida - Department of Children and Families			
Prevention and Treatment of Substance Abuse Block Grant	93.959	JD260	\$1,410,614
Prevention and Treatment of Substance Abuse Block Grant	93.959	LD969	331,220
Prevention and Treatment of Substance Abuse Block Grant	93.959	JD269	92,009
Total Prevention and Treatment of Substance Abuse Block Grants			1,833,843
Office of Substance Abuse and Mental Health Service			
Administration Programs:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance			
Changing Alcohol Norms Program	93.243	5H79SP015277-024	18,140
Changing Alcohol Norms Program	93.243	5H79SP015277-025	12,357
Total for Substance Abuse and Mental Health Services of Projects of Regional and National Programs			30,497
Total for U.S. Department of Health and Human Services			1,864,340
U.S Department of Justice:			
Justice Assistance Grant Cluster- Bureau of Justice Assistance:			
Pass-through Broward County:			
Edward Byrne Memorial Justice Assistance Grant Program Planning, Evaluation and Technology Improvement Program	16.738	2013-JAGC- BROW-8-D7-2316	26,949
Edward Byrne Memorial Justice Assistance Grant Program Planning, Evaluation and Technology Improvement Program	16.738	2012-JAGC- BROW-7-CA-238	3,573
Pass-through:			
Sheriff of Broward County			
Edward Byrne Memorial Justice Assistance Grant Program Drinking and Other Drug Programs	16.738	2013-JAGC-BROW-4-D7-217	29,757
Edward Byrne Memorial Justice Assistance Grant Program Drinking and Other Drug Programs	16.738	2012-JAGC-BROW-2-C4-225	3,104
Total U.S. Department of Justice and Justice Assistance Grant Cluster			63,383
Total Expenditures for Federal Awards			\$1,927,723

*See Notes to Schedule of Expenditures of Federal Awards*

**United Way of Broward County, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2013**

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**Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of United Way of Broward County, Inc. (the "United Way") and is presented on the accrual basis of accounting. The information in this schedule is prepared in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**Note 2 - SUBRECIPIENTS**

The following awards were received directly by United Way and passed through to subrecipients during the year ended June 30, 2013:

Department	Program	CFDA Number	Expenditures
U. S. Department of Health and Human Services	Prevention and Treatment of Substance Abuse Block Grant	93.959	\$1,144,267
<b>Total</b>			<b>\$1,144,267</b>

**United Way of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2013**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
• Significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
• Non-compliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**Federal Programs:**

Internal control over major program:	
Material weaknesses identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported

Type of auditor's report issued on compliance of major program?      Unqualified

Any audit findings disclosed that are required to be reported in accordance with the requirements of OMB Circular A-133?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
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Identification of major programs:  
CFDA Numbers

93.959

Name of Federal Program or Cluster

Prevention and Treatment of Substance Abuse Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
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**United Way of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2013**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Material Weakness: 2013-01**

<b><u>Criteria:</u></b>	The securing of bank accounts and bank related transactions to ensure all of the United Way's financial assets are secure and reflected in the financial statements.
<b><u>Condition:</u></b>	<p>During the current year audit procedures, we noted the following:</p> <ul style="list-style-type: none"> <li>• The engagement team identified a bank account whose cash balance was not included in the financial records of the Organization as of June 30, 2013 or in previous years. This bank account is used by the Organization to liquidate equity securities received as donations. A key member of management had sole access to this bank account's transactions and maintenance of the account in performing accounting functions such as check writing authority and bank reconciliation authority.</li> <li>• The Organization lacks segregation of duties over internal controls in the wire transfer process whereby a finance department employee has access to initiate a wire transfer and authorize a wire transfer. In addition, the Organization's disbursements policy does not require dual signatures for transfers between the Organization's bank accounts.</li> </ul>
<b><u>Cause:</u></b>	The cause is a lack of review of potential control deficiencies by management and management override of current internal controls over the unrecorded cash balance in the bank account discussed above.
<b><u>Effect:</u></b>	The effect was that the financial records did not properly reflect a United Way bank account cash balance in the current and prior years and certain transactions were approved without appropriate internal controls in place. The Organization's Audit Committee conducted its own review of the cash activity in the unrecorded bank account for fiscal years 2009-2013. The unrecorded bank account cash balances for these years were determined to not be material to the prior years or current year audited financial statements. These unrecorded cash balances were deposited in a United Way operating bank account during fiscal year 2013 and the unrecorded bank account cash balance as of June 30, 2013 was properly reflected in the financial records of the Organization as part of the 2013 post-closing adjustments.
<b><u>Recommendation:</u></b>	<p>In order to improve controls over the bank accounts and related transactions, we recommend the following:</p> <ul style="list-style-type: none"> <li>• The Organization should review its policies and internal controls over the opening of bank accounts and the corresponding recording of these bank account balances in the financial records.</li> <li>• The Organization should enhance its current internal control policy to ensure a proper review is performed that includes supporting documentation for the disbursements, proper</li> </ul>

**United Way of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2013**

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	<p>segregation of duties over request and processing of checks, and appropriate levels to approve.</p> <ul style="list-style-type: none"> <li>• The Organization should segregate the responsibilities for wire transfer initiation and wire transfer approval in order to enhance the internal controls over cash management.</li> <li>• The Organization should consider having dual signatures on checks written to transfer cash balances between bank accounts.</li> </ul>
<p><u>Management's Response:</u></p>	<p>In order to improve internal controls over bank accounts and related transactions, United Way of Broward County:</p> <ul style="list-style-type: none"> <li>• Has reviewed policies and internal controls over the opening of bank accounts and will clearly document that the Board of Directors has reviewed and approved the recommendations of the finance committee concerning the opening of new bank accounts at a Board of Directors' meeting (per UWBC "Commitment and Contingency Policy") and will clearly designate those with any approval authority on the accounts. An internal control checklist will be developed to be reviewed quarterly to ensure that internal control procedures are being followed and corrective actions taken where necessary in a timely manner. The checklist will be signed by the Vice President-Finance and the CEO. The audit committee will review the checklist on a biannual basis.</li> <li>• Checks will continue to be signed by authorized check signors only with proper attached documentation in support of the expenditure. Check requests will continue to be processed as long as they follow current United Way of Broward County policy "Vendor Payables" which outlines the approval process for expenditures and the appropriate segregation of duties for disbursements.</li> <li>• Electronic payments or transfers of any kind must be approved by two authorized account signers, one having to be the CEO. After approval, the approved report showing all electronic payments must be given to Vice President-Finance, who does not have access to post electronic payments, to reconcile the hard copy report showing the electronic payments with the daily bank statement.</li> </ul>

**United Way of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2013**

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**Significant Deficiency: 2013-02**

<b><u>Criteria:</u></b>	The establishment and maintenance of complete and accurate accounting records to ensure the United Way's financial records are properly reflected in the financial statements.
<b><u>Condition:</u></b>	During the audit, management was delayed in the financial statement closing process and recorded a number of post-closing adjustments to the detail general ledger. These adjustments pertained to reconciliation of various accounts (detailed records versus general ledger balances), such as pledges, cash and cash equivalents, property and equipment, investment gains/losses, revenue recognition, etc.
<b><u>Cause:</u></b>	The cause for these noted deficiencies is the lack of proper year-end financial statement close procedures and adequate financial oversight to ensure the accounting records are accurate and finalized on a timely manner.
<b><u>Effect:</u></b>	The effect was the number of post-closing adjustments to the detail general ledger, which caused a delay in the completion of the year-end financial statement audit.
<b><u>Recommendation:</u></b>	<p>In order to reduce the volume of year-end post-closing and audit adjustments and to ensure that the year-end financial statements and other reports used by management in its decision-making process are fairly stated on a timely basis, we recommend the following:</p> <ul style="list-style-type: none"> <li>• The hiring of a chief accounting officer or controller to oversee the financial reporting process.</li> <li>• Review of non-standard and non-recurring journal entries prior to posting them in the books;</li> <li>• Preparation and review of reconciliation of various accounts which includes appropriate disposition of reconciling items identified prior to the month-end close process;</li> <li>• All reconciliations should be reviewed by a designated individual to ensure accuracy and completeness and to verify that reconciled items have been properly handled.</li> <li>• Ensure the accounting department understands and establishes proper cut-off procedures that will ensure the recording of amounts in the proper accounting period;</li> <li>• Ensure that current accounting department personnel stay abreast of non-profit industry accounting trends to specifically address accounting treatment of nonstandard transactions timely.</li> </ul>
<b><u>Management's Response:</u></b>	<p>In order to improve the closeout process at fiscal year-end and monthly closings, the United Way of Broward County:</p> <ul style="list-style-type: none"> <li>• Is hiring a Vice President-Finance whose primary job function is the financial reporting process. The position will report to the Chief Executive Officer.</li> <li>• Proper support of review of all journal entries and</li> </ul>

**United Way of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2013**

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	<p>reconciliations will be maintained and review will be performed in a timely manner in order to provide management and the auditors with current information. The Vice President-Finance will review all reconciliations and document such approval.</p> <ul style="list-style-type: none"><li>• Monthly and annual cutoff procedures have been reviewed with the accounting staff. Monthly closeout must be completed fifteen days after month end. The Vice President-Finance and the Director of Accounting Services will review monthly expense accruals and revenue recognition so transactions are recognized during the proper accounting period.</li><li>• Accounting personnel will be provided training/seminars appropriate for their position.</li></ul>
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United Way of Broward County, Inc.  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

During the audit of the year ended June 30, 2013, there were no identified audit findings and questioned costs to be reported under OMB Circular A-133 Section 510(a).

United Way of Broward County, Inc.  
Schedule of Prior Year Audit findings  
Year ended June 30, 2013

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STATUS

There were no prior Federal award findings or questioned costs required to be reported in accordance with OMB Circular A-133.

## Supplemental Information

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**United Way of Broward County, Inc.**  
**Schedules of Allocations to Agencies and Donor Designations**  
**Year ended June 30, 2013**

Agency		Year ended June 30, 2013
Achievement and Rehabilitation Center	\$	238,640
American Red Cross, Broward County Chapter		210,000
ASPIRA of Florida, Inc.		67,448
Big Brothers/Big Sisters		90,000
Boys and Girls Club of Broward County		138,015
Broward Children's Center, Inc.		40,000
Broward Partnership for the Homeless		24,000
Broward Regional Health Planning Council		95,000
Catholic Charities		110,518
Children's Diagnostic & Treatment Center		65,000
Children's Harbor, Inc.		40,000
Community Foundation		40,000
College Summit		50,000
Covenant House		75,000
Episcopal Mental Health Ministries/St. Laurence Chapel		50,000
Family Central		567,149
First Call For Help		310,000
Gilda's Club South Florida		20,700
Healthy Mothers Healthy Babies		100,000
Helping Abused & Neglected Dependent Youth (HANDY)		50,000
Henderson Behavioral Health, Inc.		172,500
Hispanic Unity of Florida		210,000
HOMES		50,000
Jewish Family Service, Inc. of Broward		72,000
Junior League		50,000
League for the Hard of Hearing/Center for Hearing and Communication		48,000
Legal Aid Service of Broward		163,000
Lighthouse of Broward County, Inc.		85,000
Luz del Mundo		20,000
Firewall Industries		30,000
Lifenet 4 Families		93,000
Jack & Jill Children's Center		55,000
North East Focal Point		76,520
Nova Southeastern		40,000
Opportunities Industrialization Center		150,000
Center for Independent Living		43,700
Project Lifeline		450,000
Salvation Army - Broward County		50,000
Second Chance Society, Inc.		45,000
Impact Broward		239,850
St. Ambrose Episcopal Church		35,000
South Florida Urban Ministries - BRANCHES		85,000
Starting Place, Inc.		55,000
SunServe/Sunshine Social Services		74,000
Susan B. Anthony Center		213,000
TaskForce Fore Ending Homelessness		40,000
HOPE South Florida		63,000
Urban League		257,000
VFW-Stone of Hope		210,000
Hands on Broward		50,000
Women In Distress		117,544
Woodhouse II, Inc.		27,600
YMCA of Broward County		86,000
Childnet		37,000
<b>Total Approved Allocations</b>	<b>\$</b>	<b>5,875,184</b>