

NORTH CAROLINA 211

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
North Carolina 211:

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina 211 (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 North Carolina 211 as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batchelor, Tillery & Roberts, LLP

May 1, 2013

NORTH CAROLINA 211

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 142,777	143,580
Accounts receivable	36,118	34,090
Prepaid expenses	<u>18,154</u>	<u>19,031</u>
Total current assets	197,049	196,701
Computer equipment and software, net	<u>1,494</u>	<u>71</u>
Total assets	\$ <u>198,543</u>	<u>196,772</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	38,608	40,666
Deferred revenue	<u>24,077</u>	<u>19,384</u>
Total current liabilities	<u>62,685</u>	<u>60,050</u>
Net assets:		
Unrestricted	106,769	68,384
Temporarily restricted	<u>29,089</u>	<u>68,338</u>
Total net assets	<u>135,858</u>	<u>136,722</u>
Total liabilities and net assets	\$ <u>198,543</u>	<u>196,772</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Activities

Year ended December 31, 2012, with comparative totals for 2011

	<u>Unrestricted</u>	2012 <u>Temporarily Restricted</u>	<u>Total</u>	<u>2011</u>
Support and revenue:				
Service income	\$ 471,422	-	471,422	448,257
Contributions	-	-	-	261
In-kind contributions	47,551	-	47,551	43,683
Annual site license income	26,621	-	26,621	25,094
Interest income	174	-	174	418
	<u>545,768</u>	-	<u>545,768</u>	<u>517,713</u>
Net assets released from restrictions	<u>39,249</u>	<u>(39,249)</u>	-	-
Total support and revenue	<u>585,017</u>	<u>(39,249)</u>	<u>545,768</u>	<u>517,713</u>
Expenses:				
Program services - call center	378,224	-	378,224	376,938
Support services - management and general	168,408	-	168,408	147,475
Total expenses	<u>546,632</u>	-	<u>546,632</u>	<u>524,413</u>
Change in net assets	38,385	(39,249)	(864)	(6,700)
Net assets, beginning of year	<u>68,384</u>	<u>68,338</u>	<u>136,722</u>	<u>143,422</u>
Net assets, end of year	\$ <u>106,769</u>	<u>29,089</u>	<u>135,858</u>	<u>136,722</u>

(Continued)

NORTH CAROLINA 211

Statements of Activities, Continued

Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Service income	\$ 448,257	-	448,257
Contributions	261	-	261
In-kind contributions	43,683	-	43,683
Annual site license income	25,094	-	25,094
Interest income	418	-	418
	<u>517,713</u>	<u>-</u>	<u>517,713</u>
Net assets released from restrictions	<u>24,251</u>	<u>(24,251)</u>	<u>-</u>
Total support and revenue	<u>541,964</u>	<u>(24,251)</u>	<u>517,713</u>
Expenses:			
Program services - call center	376,938	-	376,938
Support services - management and general	147,475	-	147,475
Total expenses	<u>524,413</u>	<u>-</u>	<u>524,413</u>
Change in net assets	17,551	(24,251)	(6,700)
Net assets, beginning of year	<u>50,833</u>	<u>92,589</u>	<u>143,422</u>
Net assets, end of year	\$ <u>68,384</u>	<u>68,338</u>	<u>136,722</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Functional Expenses

Year ended December 31, 2012, with comparative totals for 2011

	2012			2011
	Program Services- Call Center	Support Services- Management and General	Total	
Call center operation	\$ 342,435	-	342,435	344,291
Payroll reimbursement	-	102,528	102,528	86,630
In-kind contribution - payroll	-	47,551	47,551	43,683
Software support	33,196	-	33,196	29,873
Travel expenses	-	6,956	6,956	4,705
Professional fees	-	6,678	6,678	5,466
Office expense	-	2,781	2,781	3,487
Cell phone access	2,593	-	2,593	2,774
Liability insurance	-	1,387	1,387	1,381
Membership dues	-	375	375	375
Depreciation and amortization	-	152	152	1,748
	<u>\$ 378,224</u>	<u>168,408</u>	<u>546,632</u>	<u>524,413</u>

(Continued)

NORTH CAROLINA 211

Statements of Functional Expenses, Continued

Year ended December 31, 2011

	Program Services- <u>Call Center</u>	Support Services- Management <u>and General</u>	<u>Total</u>
Call center operation	\$ 344,291	-	344,291
Payroll reimbursement	-	86,630	86,630
In-kind contribution - payroll	-	43,683	43,683
Software support	29,873	-	29,873
Professional fees	-	5,466	5,466
Travel expenses	-	4,705	4,705
Office expense	-	3,487	3,487
Cell phone access	2,774	-	2,774
Depreciation and amortization	-	1,748	1,748
Liability insurance	-	1,381	1,381
Membership dues	-	375	375
	\$ <u>376,938</u>	<u>147,475</u>	<u>524,413</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (864)	(6,700)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	152	1,748
Changes in operating assets and liabilities:		
Accounts receivable	(2,028)	(5,721)
Prepaid expenses	877	(3,440)
Accounts payable and accrued expenses	(2,058)	4,646
Deferred revenue	<u>4,693</u>	<u>1,274</u>
Net cash provided by (used in) operating activities	772	(8,193)
Cash flows from investing activities - purchases of computer equipment and software	<u>(1,575)</u>	<u>-</u>
Decrease in cash	(803)	(8,193)
Cash, beginning of year	<u>143,580</u>	<u>151,773</u>
Cash, end of year	\$ <u>142,777</u>	<u>143,580</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Notes to Financial Statements

December 31, 2012 and 2011

(1) Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

North Carolina 211 (the "Organization") is a not-for-profit entity organized to provide a community wide referral system linking the public with community services and volunteer opportunities. The Organization is governed by a board of directors. As described in notes 1(h) and 4, United Way of North Carolina ("UWNC") provides certain support services to the Organization.

(b) Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 changes in net assets during the reporting period. Actual results could differ from those estimates.

(c) Contributions and Net Assets

The Organization is required to report contributions of cash and other assets as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. 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. The Organization has no permanently restricted net assets as of December 31, 2012 or 2011.

(d) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with an original maturity of three months or less. The Organization occasionally maintains deposits in excess of federally insured limits.

(e) Allowance for Doubtful Accounts and Bad Debts

Accounts receivable are reflected at current unpaid balances. No allowance for doubtful accounts is considered necessary since the receivables are from United Way agencies which are responsible for coordinating the services. There were no bad debts in 2012 or 2011.

NORTH CAROLINA 211

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(1) Nature of Activities and Summary of Significant Accounting Policies, Continued

(f) Computer Equipment and Software

Depreciation and amortization of computer equipment and software is provided on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 5 years. Computer equipment and software are recorded at cost.

(g) Deferred Revenue

Amounts received in advance of providing services are deferred and recognized as revenue as the related services are performed.

(h) Donated Materials and Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated goods are reflected as contributions in the accompanying statements at their estimated values with an offsetting charge to expense. Amounts recorded for donated services from UWNC were \$47,551 and \$43,683 in 2012 and 2011, respectively.

(i) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a public charity. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code and qualifies for deductible contributions provided in the Code.

Management of the Organization does not believe the financial statements include any uncertain tax positions. Tax years ended December 31, 2009 to December 31, 2012 remain open for examination by taxing authorities as of the date of this report.

(2) Computer Equipment and Software

The cost of computer equipment and software is as follows:

	<u>2012</u>	<u>2011</u>
Computer equipment	\$ 1,387	1,387
Computer software	<u>55,371</u>	<u>53,796</u>
	56,758	55,183
Less accumulated depreciation and amortization	<u>(55,264)</u>	<u>(55,112)</u>
	<u>\$ 1,494</u>	<u>71</u>

NORTH CAROLINA 211

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(3) Temporarily Restricted Net Assets

The Organization had net assets that were temporarily restricted for a specific purpose by the grantor, all relating to the expansion of the Organization's services throughout the state, and they are as follows:

	<u>2012</u>	<u>2011</u>
Duke Energy Foundation	\$ 8,709	29,229
Blue Cross Blue Shield of NC	18,987	22,874
Bank of America Charitable Foundation	1,393	8,723
Z. Smith Reynolds Foundation	<u>-</u>	<u>7,512</u>
	<u>\$ 29,089</u>	<u>68,338</u>

(4) Payroll and Retirement Plan Reimbursements

The Organization reimburses UWNC for services provided by one of its employees to the Organization. This individual also participates in the defined benefit retirement plan offered by UWNC, which is administered by the Mutual of America Life Insurance Company. The Organization reimburses UWNC for the portion of net periodic pension cost attributable to this individual as determined actuarially. The Board of Directors of UWNC has elected to freeze the defined benefit retirement plan as of December 31, 2012. In 2012, the Organization reimbursed UWNC for \$102,528 of costs, of which \$2,327 related to pension costs. In 2011, the Organization reimbursed UWNC for \$86,630 of costs, of which \$1,726 related to pension costs.

(5) Subsequent Events

The date to which events occurring after December 31, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is May 1, 2013, the date the financial statements were available to be issued.