

NORTH CAROLINA 211

Financial Statements

December 31, 2013 and 2012

(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, 2013 and 2012, 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, 2013 and 2012, 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

June 25, 2014

NORTH CAROLINA 211

Statements of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 310,075	142,777
Accounts receivable	30,642	36,118
Prepaid expenses	<u>19,239</u>	<u>18,154</u>
Total current assets	359,956	197,049
Computer equipment and software, net	<u>2,205</u>	<u>1,494</u>
Total assets	\$ <u><u>362,161</u></u>	<u><u>198,543</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	41,235	38,608
Deferred revenue	<u>20,864</u>	<u>24,077</u>
Total current liabilities	<u>62,099</u>	<u>62,685</u>
Net assets:		
Unrestricted	127,062	106,769
Temporarily restricted	<u>173,000</u>	<u>29,089</u>
Total net assets	<u>300,062</u>	<u>135,858</u>
Total liabilities and net assets	\$ <u><u>362,161</u></u>	<u><u>198,543</u></u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Activities

Year ended December 31, 2013, with comparative totals for 2012

	2013			<u>2012</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
Support and revenue:				
Service income	\$ 502,514	-	502,514	471,422
Contributions	297	159,000	159,297	-
In-kind contributions	68,060	-	68,060	47,551
Annual site license income	27,231	-	27,231	26,621
Interest income	<u>56</u>	<u>-</u>	<u>56</u>	<u>174</u>
	598,158	159,000	757,158	545,768
Net assets released from restrictions	<u>15,089</u>	<u>(15,089)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>613,247</u>	<u>143,911</u>	<u>757,158</u>	<u>545,768</u>
Expenses:				
Program services - call center	408,000	-	408,000	378,224
Support services - management and general	<u>184,954</u>	<u>-</u>	<u>184,954</u>	<u>168,408</u>
Total expenses	<u>592,954</u>	<u>-</u>	<u>592,954</u>	<u>546,632</u>
Change in net assets	20,293	143,911	164,204	(864)
Net assets, beginning of year	<u>106,769</u>	<u>29,089</u>	<u>135,858</u>	<u>136,722</u>
Net assets, end of year	\$ <u>127,062</u>	<u>173,000</u>	<u>300,062</u>	<u>135,858</u>

(Continued)

NORTH CAROLINA 211

Statements of Activities, Continued

Year ended December 31, 2012

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Service income	\$ 471,422	-	471,422
In-kind contributions	47,551	-	47,551
Annual site license income	26,621	-	26,621
Interest income	174	-	174
	<u>545,768</u>	-	<u>545,768</u>
Net assets released from restrictions	<u>39,249</u>	<u>(39,249)</u>	<u>-</u>
Total support and revenue	<u>585,017</u>	<u>(39,249)</u>	<u>545,768</u>
Expenses:			
Program services - call center	378,224	-	378,224
Support services - management and general	<u>168,408</u>	-	<u>168,408</u>
Total expenses	<u>546,632</u>	-	<u>546,632</u>
Change in net assets	38,385	(39,249)	(864)
Net assets, beginning of year	<u>68,384</u>	<u>68,338</u>	<u>136,722</u>
Net assets, end of year	\$ <u><u>106,769</u></u>	<u><u>29,089</u></u>	<u><u>135,858</u></u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Functional Expenses

Year ended December 31, 2013, with comparative totals for 2012

	<u>2013</u>			
	Program	Support Services- Management	Total	<u>2012</u>
	<u>Call Center</u>	<u>and General</u>		
Call center operation	\$ 371,091	-	371,091	342,435
Payroll reimbursement	-	87,101	87,101	102,528
In-kind contribution - payroll	-	68,060	68,060	47,551
Software support	33,861	-	33,861	33,196
Office expense	-	10,387	10,387	2,781
Professional fees	-	10,150	10,150	6,678
Travel expenses	-	6,657	6,657	6,956
Cell phone access	3,048	-	3,048	2,593
Liability insurance	-	1,460	1,460	1,387
Depreciation and amortization	-	764	764	152
Membership dues	-	375	375	375
	<u>\$ 408,000</u>	<u>184,954</u>	<u>592,954</u>	<u>546,632</u>

(Continued)

NORTH CAROLINA 211

Statements of Functional Expenses, Continued

Year ended December 31, 2012

	Program Services- Call Center	Support Services- Management and General	Total
Call center operation	\$ 342,435	-	342,435
Payroll reimbursement	-	102,528	102,528
In-kind contribution - payroll	-	47,551	47,551
Software support	33,196	-	33,196
Travel expenses	-	6,956	6,956
Professional fees	-	6,678	6,678
Office expense	-	2,781	2,781
Cell phone access	2,593	-	2,593
Liability insurance	-	1,387	1,387
Membership dues	-	375	375
Depreciation and amortization	-	152	152
	<u>\$ 378,224</u>	<u>168,408</u>	<u>546,632</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Cash Flows

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 164,204	(864)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	764	152
Changes in operating assets and liabilities:		
Accounts receivable	5,476	(2,028)
Prepaid expenses	(1,085)	877
Accounts payable and accrued expenses	2,627	(2,058)
Deferred revenue	<u>(3,213)</u>	<u>4,693</u>
Net cash provided by operating activities	168,773	772
Cash flows from investing activities - purchases of computer equipment and software	<u>(1,475)</u>	<u>(1,575)</u>
Net increase (decrease) in cash	167,298	(803)
Cash, beginning of year	<u>142,777</u>	<u>143,580</u>
Cash, end of year	\$ <u><u>310,075</u></u>	<u><u>142,777</u></u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Notes to Financial Statements

December 31, 2013 and 2012

(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, 2013 or 2012.

(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.

NORTH CAROLINA 211

Notes to Financial Statements, Continued

December 31, 2013 and 2012

(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 cost 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 \$68,060 and \$47,551 in 2013 and 2012, 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, 2010 to December 31, 2013 remain open for examination by taxing authorities as of the date of this report.

(2) Computer Equipment and Software

Computer equipment and software are as follows:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 1,387	1,387
Computer software	<u>56,846</u>	<u>55,371</u>
	58,233	56,758
Less accumulated depreciation and amortization	<u>(56,028)</u>	<u>(55,264)</u>
	<u>\$ 2,205</u>	<u>1,494</u>

NORTH CAROLINA 211

Notes to Financial Statements, Continued

December 31, 2013 and 2012

(3) Temporarily Restricted Net Assets

The Organization has net assets that are 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>2013</u>	<u>2012</u>
Duke Energy Foundation	\$ 81,583	8,709
East Carolina Behavioral Health	66,000	-
Blue Cross Blue Shield of NC	16,316	18,987
Energy United Foundation	8,000	-
Bank of America Charitable Foundation	<u>1,101</u>	<u>1,393</u>
	<u>\$ 173,000</u>	<u>29,089</u>

(4) Payroll and Retirement Plan Reimbursements

The Organization reimburses UWNC for services provided by one of its employees to the Organization. This individual participates in UWNC's 403(b) defined contribution plan. 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 2013, the Organization reimbursed UWNC for \$87,101 of costs, net of \$126 related to pension benefit recorded. In 2012, the Organization reimbursed UWNC for \$102,528 of costs, of which \$2,327 related to pension costs.

(5) Subsequent Events

The date to which events occurring after December 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 25, 2014, the date the financial statements were available to be issued.