

NORTH CAROLINA 211

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

**BATCHELOR, TILLERY & ROBERTS, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR  
ANN H. TILLERY  
FRANKLIN T. ROBERTS  
WM. JAMES BLACK, JR.  
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350  
RALEIGH, NORTH CAROLINA 27612  
TELEPHONE (919) 787-8212  
FACSIMILE (919) 783-6724

**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, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***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, 2014 and 2013, 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*

April 9, 2015

NORTH CAROLINA 211

Statements of Financial Position

December 31, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash	\$ 314,460	310,075
Accounts receivable	75,536	30,642
Prepaid expenses	<u>23,203</u>	<u>19,239</u>
Total current assets	413,199	359,956
Computer equipment and software, net	<u>2,606</u>	<u>2,205</u>
Total assets	\$ <u><u>415,805</u></u>	<u><u>362,161</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	55,077	41,235
Deferred revenue	<u>19,069</u>	<u>20,864</u>
Total current liabilities	<u>74,146</u>	<u>62,099</u>
Net assets:		
Unrestricted	238,974	127,062
Temporarily restricted	<u>102,685</u>	<u>173,000</u>
Total net assets	<u>341,659</u>	<u>300,062</u>
Total liabilities and net assets	\$ <u><u>415,805</u></u>	<u><u>362,161</u></u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Activities

Year ended December 31, 2014, with comparative totals for 2013

	2014			<u>2013</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
Support and revenue:				
Service income	\$ 567,355	-	567,355	502,514
Contributions	-	-	-	159,297
In-kind contributions	87,559	-	87,559	68,060
Annual site license income	27,203	-	27,203	27,231
Interest income	199	-	199	56
	<u>682,316</u>	-	<u>682,316</u>	<u>757,158</u>
Net assets released from restrictions	<u>70,315</u>	<u>(70,315)</u>	-	-
Total support and revenue	<u>752,631</u>	<u>(70,315)</u>	<u>682,316</u>	<u>757,158</u>
Expenses:				
Program services - call center	433,030	-	433,030	408,000
Support services - management and general	<u>207,689</u>	-	<u>207,689</u>	<u>184,954</u>
Total expenses	<u>640,719</u>	-	<u>640,719</u>	<u>592,954</u>
Change in net assets	111,912	(70,315)	41,597	164,204
Net assets, beginning of year	<u>127,062</u>	<u>173,000</u>	<u>300,062</u>	<u>135,858</u>
Net assets, end of year	\$ <u>238,974</u>	<u>102,685</u>	<u>341,659</u>	<u>300,062</u>

(Continued)

## NORTH CAROLINA 211

## Statements of Activities, Continued

Year ended December 31, 2013

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

See accompanying notes to financial statements.

NORTH CAROLINA 211

Statements of Functional Expenses

Year ended December 31, 2014, with comparative totals for 2013

	<u>2014</u>			
	<u>Program</u>	<u>Support</u>	<u>Total</u>	<u>2013</u>
	<u>services-</u>	<u>services-</u>		
	<u>call center</u>	<u>management</u>		
		<u>and general</u>		
Call center contractor services	\$ 395,334	-	395,334	371,091
Payroll reimbursement	-	91,402	91,402	87,101
In-kind contribution - payroll	-	87,559	87,559	68,060
Software support	35,754	-	35,754	33,861
Professional fees	-	9,930	9,930	10,150
Office expense	-	8,509	8,509	10,387
Travel expenses	-	6,523	6,523	6,657
Cell phone access	1,942	-	1,942	3,048
Liability insurance	-	1,573	1,573	1,460
Depreciation and amortization	-	979	979	764
Advertising	-	594	594	-
Membership dues	-	475	475	375
Training	-	145	145	-
	<u>\$ 433,030</u>	<u>207,689</u>	<u>640,719</u>	<u>592,954</u>

(Continued)

NORTH CAROLINA 211

Statements of Functional Expenses, Continued

Year ended December 31, 2013

	Program services- call center	Support services- management and general	<u>Total</u>
Call center contractor services	\$ 371,091	-	371,091
Payroll reimbursement	-	87,101	87,101
In-kind contribution - payroll	-	68,060	68,060
Software support	33,861	-	33,861
Office expense	-	10,387	10,387
Professional fees	-	10,150	10,150
Travel expenses	-	6,657	6,657
Cell phone access	3,048	-	3,048
Liability insurance	-	1,460	1,460
Depreciation and amortization	-	764	764
Membership dues	-	375	375
	<u>\$ 408,000</u>	<u>184,954</u>	<u>592,954</u>

See accompanying notes to financial statements.



NORTH CAROLINA 211

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 41,597	164,204
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	979	764
Changes in operating assets and liabilities:		
Accounts receivable	(44,894)	5,476
Prepaid expenses	(3,964)	(1,085)
Accounts payable and accrued expenses	13,842	2,627
Deferred revenue	<u>(1,795)</u>	<u>(3,213)</u>
Net cash provided by operating activities	5,765	168,773
Cash flows from investing activities - purchases of computer equipment and software	<u>(1,380)</u>	<u>(1,475)</u>
Net increase in cash	4,385	167,298
Cash, beginning of year	<u>310,075</u>	<u>142,777</u>
Cash, end of year	\$ <u>314,460</u>	<u>310,075</u>

See accompanying notes to financial statements.

NORTH CAROLINA 211

Notes to Financial Statements

December 31, 2014 and 2013

(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, 2014 or 2013.

(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.

## Notes to Financial Statements, Continued

December 31, 2014 and 2013

(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 \$87,559 and \$68,060 in 2014 and 2013, 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, 2011 to December 31, 2014 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>2014</u>	<u>2013</u>
Computer equipment	\$ 2,317	1,387
Computer software	<u>57,296</u>	<u>56,846</u>
	59,613	58,233
Less accumulated depreciation and amortization	<u>(57,007)</u>	<u>(56,028)</u>
	\$ <u>2,606</u>	<u>2,205</u>

NORTH CAROLINA 211

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(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>2014</u>	<u>2013</u>
Duke Energy Foundation	\$ 60,104	81,583
East Carolina Behavioral Health	33,000	66,000
Energy United Foundation	5,100	8,000
Blue Cross Blue Shield of NC	4,481	16,316
Bank of America Charitable Foundation	<u>-</u>	<u>1,101</u>
	<u>\$ 102,685</u>	<u>173,000</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 elected to freeze the defined benefit retirement plan as of December 31, 2012. In 2014, the Organization reimbursed UWNC for \$91,402 of costs, including \$4,751 related to pension expense recorded. In 2013, the Organization reimbursed UWNC for \$87,101 of costs, net of \$126 related to pension benefit recorded.

(5) Subsequent Events

The date to which events occurring after December 31, 2014, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is April 9, 2015, the date the financial statements were available to be issued.