

**Audited Financial Statements  
And Supplementary Information**

**Town of Palm Beach  
United Way, Inc.**

**June 30, 2014**



**CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.**

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CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF PALM BEACH UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

June 30, 2014

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AUDITED FINANCIAL STATEMENTS

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CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292  
FAX (561) 832-9455

info@cdlcpa.com

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AMERICAN INSTITUTE OF  
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FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees  
Town of Palm Beach United Way, Inc.  
Palm Beach, Florida

We have audited the accompanying financial statements of the Town of Palm Beach United Way, Inc. (the "Organization", a not-for-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 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 the Town of Palm Beach United Way, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

## Report on Summarized Comparative Information

We have previously audited the Town of Palm Beach United Way, Inc.'s 2013 financial statements, and our report dated August 27, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cale, Douten, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
October 21, 2014

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2014 with Comparative Totals for June 30, 2013

	2014			Total	2013 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 4,172,671	\$ 29,500	\$ 1,825	\$ 4,203,996	\$ 4,153,034
Pledges receivable	314,371			314,371	344,642
Prepaid expenses	15,957			15,957	33,073
TOTAL CURRENT ASSETS	4,502,999	29,500	1,825	4,534,324	4,530,749
PROPERTY AND EQUIPMENT, net	43,422			43,422	47,433
<b>OTHER ASSETS</b>					
Beneficial interests in trusts		104,146	1,626,971	1,731,117	1,589,071
Investments in endowments	1,597,917	1,348,400	1,680,600	4,626,917	4,270,938
	1,597,917	1,452,546	3,307,571	6,358,034	5,860,009
TOTAL ASSETS	\$ 6,144,338	\$ 1,482,046	\$ 3,309,396	\$ 10,935,780	\$ 10,438,191
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 13,247	\$	\$	\$ 13,247	\$ 13,109
Allocations to agencies	2,942,747			2,942,747	3,272,137
Grants payable				-	75,000
TOTAL CURRENT LIABILITIES	2,955,994	-	-	2,955,994	3,360,246
<b>NET ASSETS</b>					
Unrestricted net assets	3,188,344			3,188,344	2,609,904
Restricted net assets		1,482,046	3,309,396	4,791,442	4,468,041
TOTAL NET ASSETS	3,188,344	1,482,046	3,309,396	7,979,786	7,077,945
TOTAL LIABILITIES AND NET ASSETS	\$ 6,144,338	\$ 1,482,046	\$ 3,309,396	\$ 10,935,780	\$ 10,438,191

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014 with Comparative Totals for 2013

	2014			2013 Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Campaign support	\$ 4,687,624	\$ 29,500	\$ 1,825	\$ 4,718,949	\$ 4,860,750
Less designations to non-member agencies	287,000			287,000	286,100
Campaign support, net	4,400,624	29,500	1,825	4,431,949	4,574,650
In-kind contributions	66,509			66,509	59,115
Investment income	407,533	137,000		544,533	247,469
Net realized and unrealized gain on investments	60,895	25,030		85,925	316,182
Change in value of beneficial interests in trusts		11,821	130,225	142,046	53,196
Net assets released from restrictions	12,000	(12,000)		-	-
Total revenues, gains and other support	4,947,561	191,351	132,050	5,270,962	5,250,612
<b>EXPENSES AND LOSSES</b>					
Allocations and payments					
Allocation to agencies and response pool	3,287,335			3,287,335	3,462,346
Grant payments				-	75,000
Designated contributions to member agencies	229,700			229,700	535,350
Total allocations and payments	3,517,035	-	-	3,517,035	4,072,696
Program services					
Allocation and agency relations	435,231			435,231	422,774
Support services					
Management and general	81,332			81,332	77,643
Fundraising	325,328			325,328	310,572
Total program and supporting services	841,891	-	-	841,891	810,989
Write off pledges receivable	10,195			10,195	14,294
Total expenses and losses	4,369,121	-	-	4,369,121	4,897,979
Increase in net assets	578,440	191,351	132,050	901,841	352,633
Net assets, beginning of year	2,609,904	1,290,695	3,177,346	7,077,945	6,725,312
Net assets, end of year	\$ 3,188,344	\$ 1,482,046	\$ 3,309,396	\$ 7,979,786	\$ 7,077,945

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014 with Comparative Totals for 2013

	2014				2013 Totals
	Program Services	Supporting Services		Total	
	Allocation and Agency Relations	Management and General	Fundraising		
Salaries	\$ 149,500	\$ 29,900	\$ 119,600	\$ 299,000	\$ 289,500
Health insurance	17,933	3,587	14,347	35,867	34,191
Retirement benefits	28,235	5,647	22,587	56,469	51,819
Payroll taxes	11,108	2,221	8,886	22,215	21,619
Total personnel and related expenses	206,776	41,355	165,420	413,551	397,129
Advertising	5,686	1,137	4,548	11,371	7,819
Agency liaison	6,869			6,869	12,856
Auto expense	1,500	300	1,200	3,000	2,400
Computer software	3,834	767	3,066	7,667	7,009
DeTocqueville Society	4,056	811	3,244	8,111	6,142
Donor cultivation	2,467	493	1,973	4,933	4,946
Dues and subscriptions	27,155	5,431	21,724	54,310	69,170
Insurance	7,074	1,415	5,658	14,147	11,301
Investment fees	8,515	1,703	6,812	17,030	16,043
Office and campaign supplies	27,994	5,599	22,395	55,988	46,206
Photography and awards	713	142	570	1,425	4,155
Postage	6,422	1,284	5,137	12,843	11,235
Professional fees	8,500	1,700	6,800	17,000	21,500
Repairs and maintenance	11,639	2,327	9,311	23,277	22,405
Sponsored meetings and special events	94,552	14,572	58,288	167,412	150,014
Telephone and fax	4,509	902	3,607	9,018	8,193
Total expenses before depreciation	428,261	79,938	319,753	827,952	798,523
Depreciation	6,970	1,394	5,575	13,939	12,466
Total expenses	\$ 435,231	\$ 81,332	\$ 325,328	\$ 841,891	\$ 810,989

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014 with Comparative Totals for 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Revenue collected		
Campaign support	\$ 4,739,025	\$ 4,802,913
Investment income	544,533	247,469
Payments for expenses		
Grants and allocations	(4,208,425)	(4,300,309)
Compensation and related expenses	(413,551)	(397,129)
Operating expenses	<u>(330,638)</u>	<u>(372,961)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	330,944	(20,017)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	197,332	194,747
Purchase of investments	(467,386)	(176,087)
Purchase of property and equipment	<u>(9,928)</u>	<u>(4,679)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(279,982)</u>	<u>13,981</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,962	(6,036)
Cash and cash equivalents at beginning of year	<u>4,153,034</u>	<u>4,159,070</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,203,996</u>	<u>\$ 4,153,034</u>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 901,841	\$ 352,633
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	13,939	12,466
Net realized and unrealized gain on investments	(85,925)	(316,182)
Change in value of beneficial interest in trust	(142,046)	(53,196)
Write off of pledges receivable	10,195	14,294
Changes in operating assets and liabilities		
(Increase) decrease in pledges receivable	20,076	(57,837)
(Increase) decrease in prepaid expenses	17,116	(24,694)
Increase (decrease) in accounts payable	138	(5,988)
Increase (decrease) in allocations to agencies	(329,390)	108,487
Decrease in grants payable	(75,000)	
Decrease in designations payable		<u>(50,000)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 330,944</u>	<u>\$ (20,017)</u>

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization: Town of Palm Beach United Way, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed to assist the development of other philanthropic organizations in the vicinity of Palm Beach, Florida.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting and present balances and transactions of the Organization according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as permanently restricted, temporarily restricted or unrestricted as follows:

*Permanently restricted net assets* are used to account for resources received that are restricted by the donor requiring the principal to be invested in perpetuity and only the income to be used for support of the Organization's program operations and response pool.

*Temporarily restricted net assets* are those whose use by the Organization has been limited by donors to a specific time period or purpose.

*Unrestricted net assets* are all resources over which the Board of Trustees (the "Board") exercises discretionary control, including assets designated to function as endowments or for other purposes. The resources in these funds are used to carry out the activities of the Organization in accordance with its charter and by-laws. The principal sources of income are unrestricted contributions and investment income.

Net assets of the restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Cash and Cash Equivalents: Cash and cash equivalents include amounts on deposit in checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization maintains cash deposits at various financial institutions located in Palm Beach County, Florida, as well as with a brokerage firm. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2014, deposits exceeded FDIC coverage by approximately \$3,460,000. The Organization periodically evaluates the financial condition of its banking institutions and has not experienced any loss on such accounts. Management believes the Organization is not exposed to any significant credit risk arising from such balances.

Investments: Investments consist of funds invested in the TIFF Multi-Asset Fund, a private, no-load mutual fund. These investments are presented in the accompanying financial statements at fair value, as determined by the Fund using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

dividend income is recorded on the ex-dividend date. Investment earnings, realized and unrealized gains and losses, and expenses are included in the Statement of Activities.

Pledges Receivable: Unconditional promises to give are recognized as revenue in the period received at their estimated net realizable value. The majority of these unconditional promises to give are received from individuals and businesses in the Town of Palm Beach. Contributions that are restricted by the donor are presented as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized or as increases in temporarily or permanently restricted net assets if the restriction is not satisfied in the same accounting period. When temporary restrictions expire by time or satisfaction of use, temporarily restricted net assets are reclassified to unrestricted net assets. An allowance for uncollectible pledges receivable is provided, if necessary, based upon management's judgment. During 2014, pledged amounts totaling \$10,195 were written off. Management believes that all remaining pledges receivable at June 30, 2014, are fully collectible. Accordingly, no allowance is provided for in the accompanying financial statements.

Property and Equipment: The Organization capitalizes all property and equipment acquisitions in excess of \$500. Property and equipment are stated at cost if purchased by the Organization; or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is computed on a straight-line basis over the estimated useful life of the asset, generally 30 years for buildings and five years for all other property and equipment. Depreciation is allocated to program and supporting services based on the use of the property and equipment.

Campaign Year and Allocation to Agencies: Due to the seasonal nature of the local economy and social environment, the Organization holds its annual campaign from September through June of each fiscal year. That campaign is used to develop an allocation to agencies that will be paid in the next period. The Organization typically meets in March or April of each year to decide on allocation payments to agencies. The amounts allocated to the individual agencies are determined by volunteers through a citizens' review process. Once the Board approves the allocations, agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing 12 months.

Designations: Certain large contributors are permitted to designate the use of their contributed funds to specific agencies that could be members or non-members of the Organization. Such donor designations are funded immediately and are expensed in the same period. As of June 30, 2014, all designations have been paid.

Contributed Goods and Services: In accordance with FASB ASC 958-605, *Revenue Recognition*, the Organization records the value of donated services that require specialized skills and that would typically need to be purchased if not provided by donation. During the year ended June 30, 2014, the Organization received donated goods and services which are recorded as contributions at their estimated

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

fair value. The total amount of donated goods and services was \$66,509 for the year ended June 30, 2014. This amount is recognized as both income and expense in the accompanying statement of activities.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in the evaluation of agencies and allocation of support. Due to difficulty in establishing a value for these non-professional services, the value of this contributed time is not reflected in these statements.

Functional Allocation of Expenses: The costs of providing various programs and other activities are summarized on a functional basis. Expenses, which can be specifically identified with a functional category, are charged accordingly. Other expenses are allocated among supporting services based on relative salaries incurred.

Advertising Expenses: Advertising expenses are charged to operations when incurred. Advertising expenses for the year ended June 30, 2014, totaled \$11,371.

Income Taxes: The Organization is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization is classified as a publicly supported organization that is not a private foundation.

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the financial statements. The Organization remains subject to examinations by major tax jurisdictions for tax years ending after 2010.

Subsequent Events: Management has evaluated subsequent events through October 21, 2014, the date on which the financial statements were available for issue.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE B - INVESTMENTS

At June 30, 2014, all of the Organization's investments were invested in The Investment Fund for Foundations (TIFF) Multi-Asset Fund (the "Fund"). The TIFF Multi-Asset Fund is a private, no-load alternative investment, mutual fund available to foundations, endowments, 501(c)(3) organizations and certain other non-profit organizations. Organizations seeking to invest in the Fund must be "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, which generally requires that a non-

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE B - INVESTMENTS (Continued)

profit organization have total assets in excess of \$5 million. The Fund pursues multiple strategies to attain a growing stream of current income and appreciation of principal that net of expenses, exceeds inflation plus 5% per annum. At June 30, 2014, the Fund held approximately 51% of its investments in global stocks, 16% in bonds, 20% in other hedging assets, and 13% in cash equivalents. Shares in the Fund may be redeemed on any business day upon a member's request. The Fund also provides for an entry and exit fee of 0.5%. The fair value and cost of these investments at June 30, 2014, totaled \$4,626,917 and \$4,086,154, respectively.

The Organization's investments in the Fund are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments of the Fund may be subject to additional risks including, foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks associated with the Organization's investments in the Fund, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2014, consist of promises to give due in the following year as follows:

Individuals	\$	120,164
Corporations		<u>194,207</u>
Total	\$	<u>314,371</u>

NOTE D - ENDOWMENTS

The Organization's endowments consist of three individual funds, including two donor-restricted endowment funds, established to support its annual operating expenses. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), that governs the investment, management and spending of donor-restricted endowment funds by Florida not-for-profit organizations. Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds. The Organization classifies as permanently restricted net assets (a) the original value

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE D - ENDOWMENTS (Continued)

of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the permanent endowment to maintain its purchasing power, if donor-restricted. The Organization classifies as temporarily restricted net assets (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment composition by type of fund as of June 30, 2014 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,348,400	\$ 3,309,396	\$ 4,657,796
Board-designated endowment funds	<u>1,597,917</u>	<u>-</u>	<u>-</u>	<u>1,597,917</u>
Total	<u>\$ 1,597,917</u>	<u>\$ 1,348,400</u>	<u>\$ 3,309,396</u>	<u>\$ 6,255,713</u>

Changes in endowment net assets for the fiscal year ended June 30, 2014 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at July 1, 2013	\$ 1,403,968	\$ 1,186,370	\$ 3,177,346	\$ 5,767,684
Contributions	-	-	1,825	1,825
Investment return				
Investment income	406,583	137,000	-	543,583
Net realized and unrealized gains	<u>60,895</u>	<u>25,030</u>	<u>-</u>	<u>85,925</u>
Total investment return	467,478	162,030	-	629,508
Change in value of beneficial interest in trust	-	-	130,225	130,225
Appropriation of endowment assets for expenditure	<u>(273,529)</u>	<u>-</u>	<u>-</u>	<u>(273,529)</u>
Balance at June 30, 2014	<u>\$ 1,597,917</u>	<u>\$ 1,348,400</u>	<u>\$ 3,309,396</u>	<u>\$ 6,255,713</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE D - ENDOWMENTS (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies in donor-restricted endowment funds as of June 30, 2014.

Investment Objectives: Historically, the Organization's investment objectives and policies have been to: (a) generate adequate annual transfers of income, which together with the earnings of the general unrestricted funds and reserve funds of the Organization, will fully subsidize the annual operating expenses without eroding the original corpus; and (b) provide a growth rate in the investment portfolio at least equal to the current rate of inflation. In order to meet its objectives, the Organization generally contemplates the investment of the Endowment Funds in equity mutual funds which are broadly diversified within asset classes (such as growth stock funds, valued stock funds, etc.) and appropriate government and corporate bonds and other debt instruments that provide a diversified exposure to the credit markets. The Organization believes investing in a multi-asset fund is an appropriate method for achieving a diversified investment strategy given the nature of these investments. The Organization periodically reviews its investment policy to specifically identify strategies and spending policies as they relate to the various endowment categories.

Spending Policy: The Organization's spending policy specifies the approach followed with respect to transfers from the Endowment Funds to the General Unrestricted Fund. In general, the Organization seeks an annual transfer of four percent (4%) of the average endowment corpus. For purposes of this measurement, the endowment corpus includes funds for which the Organization receives no current income, but which are permanently committed to the Organization, and excludes the endowment corpus managed by the Organization for specific purposes, such as the Visiting Nurse endowment.

More specifically, the Organization seeks to transfer at the end of each fiscal quarter, one percent (1%) of the latest year average applicable endowment corpus (determined by the average of the last four available calendar quarters) from the Endowment to the General Unrestricted Fund.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2014 :

Building and improvements	\$ 231,028
Equipment	<u>130,693</u>
	361,721
Accumulated depreciation	<u>(318,299)</u>
Property and equipment, net	<u>\$ 43,422</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE F - BENEFICIAL INTERESTS IN TRUSTS

Beneficial interests in trusts consist of the following at June 30, 2014 :

**Temporarily Restricted**

The Organization is the beneficiary of a 25% interest in an irrevocable charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow (at a discount rate of 1.2% at June 30, 2014) of the remainder interest over the estimated life expectancy of the current beneficiary. The beneficial interest in the trust is classified as a temporarily restricted asset until such time as the remainder interest is received, at which time the assets received will be transferred to the unrestricted category.

\$ 104,146

**Permanently Restricted**

The Organization is the beneficiary of an irrevocable, perpetual trust created by a donor, the assets of which are held by a third-party trustee. The Organization has legally enforceable rights and claims to such assets, including the sole right to income therefrom. The interest in this trust is valued at the fair value of the underlying assets held in the trust. Net realized and unrealized gains and losses related to this trust are reported as changes in permanently restricted net assets based on explicit donor stipulations.

1,626,971

Total Beneficial Interests in Trusts \$ 1,731,117

While management uses their best judgment in estimating the fair value of these trust interests, there are inherent limitations in any estimation technique. Accordingly, the fair value of the beneficial interests in these trusts could differ significantly from their ultimate realizable value should management's assumptions differ from future confirming events.

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a consistent framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*Alternative investment:* Valued at the unadjusted net asset value per share determined by the Fund manager pursuant to the practical method permitted by ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*.

*Beneficial interests in trusts:* Valued at the discounted (using IRS tables) fair value (as quoted on national exchanges) of the remainder interest to be received upon termination of the trust for the charitable remainder trust and at the underlying value of the securities as reported on the active market on which the individual securities are traded for the perpetual trust.

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 methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the year ended June 30, 2014.

Fair Value of Assets: The following table sets forth, by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Alternative investment	\$ -	\$ -	\$ 4,626,917	\$ 4,626,917
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>1,731,117</u>	<u>1,731,117</u>
Total Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,358,034</u>	<u>\$ 6,358,034</u>

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2014:

	<u>Investments in Endowments</u>	<u>Beneficial Interests in Trusts</u>	<u>Total</u>
Balance at July 1, 2013	\$ 4,270,938	\$ 1,589,071	\$ 5,860,009
Purchases	467,386	-	467,386
Disbursements	(197,332)	-	(197,332)
Change in value of beneficial interest	-	142,046	142,046
Realized and unrealized gain, net	<u>85,925</u>	<u>-</u>	<u>85,925</u>
Balance at June 30, 2014	<u>\$ 4,626,917</u>	<u>\$ 1,731,117</u>	<u>\$ 6,358,034</u>

The net realized and unrealized gains are included in the accompanying statement of activities under the category, "Net realized and unrealized gain on investments".

Financial Instruments Not Measured at Fair Value: The following financial instruments are not measured at fair value on a recurring basis in the accompanying financial statements:

*Cash and cash equivalents:* The carrying amounts reported in the statement of financial position approximate the estimated fair value.

*Pledges receivable and prepaid expenses:* The carrying amounts reported in the statement of financial position approximate the estimated fair values due to the short-term nature of the amounts.

*Accounts payable, allocations to agencies, grants payable and designations payable:* The carrying amounts reported in the statement of financial position approximate the estimated fair values because of their short-term duration.

NOTE H - NET ASSETS

As of June 30, 2014, the Organization's restricted net assets consisted of the following:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Future year's programs	\$ 29,500	\$ -
Cash for endowment	-	1,825
Beneficial interests in trusts	104,146	1,626,971
Investments	<u>1,348,400</u>	<u>1,680,600</u>
	<u>\$ 1,482,046</u>	<u>\$ 3,309,396</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE H - NET ASSETS (Continued)

The temporarily restricted net assets arise as a result of donor restrictions for specific purposes or time restrictions until such assets are received. The temporarily restricted amount for future year's programs will be used in the 2014/2015 fiscal year. The temporarily restricted beneficial interest in trust is restricted until such time as the remainder of the trust is distributed, at which time the distribution will become available to the Organization for its unrestricted use. The investments consist of a donor restricted endowment fund, the "Visiting Nurse Endowment Fund", which must be used to provide funding support to agencies and organizations which provide direct services to the poor who are in need of medical home health services or other medical services. For the year ended June 30, 2014, \$12,000 was released from restriction due to expenditure for program services.

Permanently restricted assets must be maintained in perpetuity. The income from these assets may be used to support the Organization's operations and are recorded as unrestricted investment income.

NOTE I - PENSION PLAN

The Organization has two pension plans administered by Mutual of America, Inc. on behalf of qualified, full-time employees. The first plan is a tax-deferred annuity contract, allowing employees to defer up to the maximum allowed by law and receive a matching contribution up to 5% of their pay from the Organization. The second plan is a defined contribution plan where employee contributions are not required or permitted, and the Organization contributes 10% of an eligible employee's annual salary. During the year ended June 30, 2014, the Organization contributed \$56,469 to these two plans.

NOTE J - RELATED PARTIES

The Organization received contributions from members of the Board of Trustees totaling \$1,464,684 during the year ended June 30, 2014. This represents approximately 30% of total campaign support.

## **SUPPLEMENTARY INFORMATION**



CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292  
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report  
on Supplementary Information

To the Board of Trustees  
Town of Palm Beach United Way, Inc.  
Palm Beach, Florida

We have audited the financial statements of the Town of Palm Beach United Way, Inc. (the "Organization"), as of and for the year ended June 30, 2014, and have issued our report thereon dated October 21, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies and response pool on pages 18 and 19 is presented for the purposes of additional analysis 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Caler, Donten, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
October 21, 2014

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL

Year Ended June 30, 2014

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following allocations were approved for the year ended June 30, 2014, for disbursements between July 1, 2014, and June 30, 2015.

Agency	Allocations
2-1-1 Palm Beach/Treasure Coast	\$ 162,000
Achievement Center	7,500
ARC of the Glades	15,000
ARC of Palm Beach County	205,000
Adopt-A-Family	135,470
Aid to Victims of Domestic Abuse	53,000
Alpert Jewish Family & Children's Services	69,000
Alzheimer's Community Care	66,000
Boys & Girls Clubs	200,000
Caridad Clinic	120,000
Catholic Charities	20,000
Center For Family Services	141,000
Children's Home Society	104,500
Comprehensive Alcohol Rehabilitation Program	73,700
ClearPoint	20,000
CROS	20,000
Clinics Can Help	15,000
Deaf Service Center	25,500
Drug Abuse Foundation	63,000
Drug Abuse Treatment Association	129,000
El Sol	3,000
Families First of Palm Beach County	78,000
Farmworkers Coordinating Council	95,000
Feeding South Florida	90,000
The Glades Initiative	30,000
Gratitude House, Inc.	67,000
Gulfstream Goodwill Industries	20,000
Habitat for Humanity	6,000
Healthy Mothers/Healthy Babies	5,000
Home Safe	88,000
Homeless Coalition of PB County	8,000
Jewish Community Center	20,000
Legal Aid Society	57,000
Lord's Place	114,000
Mental Health Association	15,000
Milagro Center	35,000
Opportunity, Inc.	105,000

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL (CONTINUED)

Year Ended June 30, 2014

Agency	Allocations
Palm Beach Habilitation Center	\$ 154,700
Palm Beach County Literacy Coalition	103,000
Planned Parenthood	35,000
Seagull Industries for the Disabled	192,900
Take Stock in Children	55,000
Urban League	13,000
Urban Youth Impact	20,000
YMCA of South Palm Beach	30,000
YWCA of Palm Beach County	<u>121,000</u>
Total allocations for July 1, 2014, through June 30, 2015	3,210,270
Response Pool amounts expended during 2014	<u>77,065</u>
Total allocation to agencies and response pool	<u><u>\$ 3,287,335</u></u>