FINANCIAL REPORT

UNITED WAY OF OXFORD - LAFAYETTE COUNTY, INC.

(a Not-For-Profit Organization)

Oxford, Mississippi

June 30, 2013

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NAIL McKINNEY PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditors' Report

To the Board of Trustees
United Way of Oxford - Lafayette County, Inc.
Oxford, Mississippi

We have audited the accompanying financial statements of United Way of Oxford-Lafayette County, Inc. (a Not-For-Profit Organization) which comprise of the statement of financial position as of June 30, 2013, 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 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 audit. We conducted our audit 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 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 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 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 Oxford-Lafayette County, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of United Way of Oxford - Lafayette County, Inc. as of June 30, 2012, were audited by other auditors whose report dated April 22, 2013, expressed an unmodified opinion on those statements.

Nail Mckinney P.A.

New Albany, Mississippi
February 17, 2014

Statements of Financial Position

UNITED WAY OF OXFORD-LAFAYETTE COUNTY, INC.
(a Not-For-Profit Organization)

June 30, 2013 and 2012

Assets	***2013***	***2012***
Current Assets		
Cash and savings	$ 213,660	$ 164,356
Certificates of deposit	195,136	219,186
Unconditional promises to give, net (Note 2)	172,237	168,950
Prepaid expenses	-	250
Total current assets	581,033	552,742
Property and Equipment		
Furniture, fixtures, and equipment	19,293	17,847
Less: Accumulated depreciation	(17,544)	(16,297)
Total property and equipment	1,749	1,550
Other Assets		
CREATE Endowment (Note 3)	41,063	36,933
Total assets	$ 623,845	$ 591,225
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 11,299	$ 2,749
Disaster relief fund payable (Note 5)	14,502	-
Allocations payable (Note 6)	343,375	248,173
Total current liabilities	369,176	250,922
Net Assets		
Unrestricted:		
Board designated for CREATE endowment	41,063	36,933
Undesignated	213,606	303,370
Total unrestricted net assets	254,669	340,303
Total liabilities and net assets	$ 623,845	$ 591,225

The accompanying notes are an integral part of this statement.

Statements of Activities

UNITED WAY OF OXFORD-LAFAYETTE COUNTY, INC.
(a Not-For-Profit Organization)

Years ended June 30, 2013 and 2012

	2013			*2012*		
	Unrestricted	*Temporarily Restricted*	*Total*	*Unrestricted*	*Temporarily Restricted*	*Total*
Revenues, Gains and Other Support						
Contributions:						
Campaign revenue	$ 495,727	$ -	$ 495,727	$ 486,052	$ -	$ 486,052
Less: provision for uncollectible promises to give	-	-	-	-	-	-
Net campaign revenue	495,727	-	495,727	486,052	-	486,052
Designations from other United Ways	6,358	-	6,358	12,486	-	12,486
Disaster assistance contributions	-	-	-	-	5,000	5,000
LOU Excel by 5 Coalition	-	3,330	3,330	-	6,000	6,000
Contributed services	19,590	-	19,590	37,818	-	37,818
Interest income	1,372	-	1,372	3,121	-	3,121
CREATE endowment interest income	859	-	859	-	-	-
CREATE endowment gains (losses)	3,577	-	3,577	(1,163)	-	(1,163)
Net assets released from restrictions	3,330	(3,330)	-	-	(11,000)	(11,000)
Total revenue	530,813	-	530,813	538,314	-	538,314
Expenses						
Program services:						
United Way community services	520,543	-	520,543	454,434	-	454,434
Supporting services:						
Management and general	47,840	-	47,840	53,150	-	53,150
Fundraising	48,064	-	48,064	34,548	-	34,548
Total expenses	616,447	-	616,447	542,132	-	542,132
Change in net assets	(85,634)	-	(85,634)	(3,818)	-	(3,818)
Net assets, beginning of year	340,303	-	340,303	344,121	-	344,121
Net assets, end of year	$ 254,669	$ -	$ 254,669	$ 340,303	$ -	$ 340,303

The accompanying notes are an integral part of this statement.

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF OXFORD-LAFAYETTE COUNTY, INC.

(a Not-For-Profit Organization)

Years ended June 30, 2013 and 2012

	2013				*2012*			
	Program Services	*Support Services*			*Program Services*	*Support Services*		
	United Way Community Services	*Management and General*	*Fund Raising*	*Total*	*United Way Community Services*	*Management and General*	*Fund Raising*	*Total*
Salaries	$ 30,575	$ 14,162	$ 20,911	$ 65,648	$ 32,782	$ 20,717	$ 20,717	$ 74,216
Payroll taxes	2,543	1,175	1,751	5,469	4,450	2,845	2,845	10,140
Employee benefits	4,646	2,131	3,278	10,055	2,724	1,720	1,720	6,164
Total personnel costs	37,764	17,468	25,940	81,172	39,956	25,282	25,282	90,520
Campaign expenses	-	-	17,408	17,408	-	-	3,422	3,422
Community impact needs assessment	25,260	-	-	25,260	-	-	-	-
CREATE endowment fees	-	306	-	306	-	-	-	-
Vista volunteer	2,876	-	-	2,876	11,366	-	-	11,366
Conferences	-	856	-	856	-	56	-	56
Depreciation	548	698	-	1,246	723	923	-	1,646
Dues and subscriptions	-	-	-	-	-	50	-	50
Dues-United Way Worldwide	-	4,851	-	4,851	-	4,336	-	4,336
Insurance	-	3,049	-	3,049	-	1,115	-	1,115
Marketing	-	-	-	-	15,121	5,040	-	20,161
Marketing - website	348	174	173	695	-	-	-	-
Office expense	1,600	7,469	1,601	10,670	4,361	2,181	2,181	8,723
Repairs & maintenance	175	817	175	1,167	-	-	-	-
Postage	2	6	-	8	228	115	115	458
Professional fees	-	9,379	-	9,379	-	10,335	-	10,335
Rent	4,500	2,250	2,250	9,000	4,500	2,250	2,250	9,000
Telephone	1,034	517	517	2,068	1,745	872	872	3,489
Grants to agencies	431,499	-	-	431,499	364,811	-	-	364,811
Other expense	-	-	-	-	850	595	426	1,871
Other program expense	68	-	-	68	2,292	-	-	2,292
Excel by Five Coalition Expense	14,869	-	-	14,869	8,481	-	-	8,481
Total expenses	$ 520,543	$ 47,840	$ 48,064	$ 616,447	$ 454,434	$ 53,150	$ 34,548	$ 542,132

The accompanying notes are an integral part of this statement.

Statements of Cash Flows

UNITED WAY OF OXFORD-LAFAYETTE COUNTY, INC.
(a Not-For-Profit Organization)

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ (85,634)	$ (3,818)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,246	1,649
(Increase) decrease in:		
Unconditional promises to give	(3,287)	(46,393)
Prepaid expense	250	-
Increase (decrease) in:		
Accounts payable and accrued expenses	8,550	(3,846)
Allocations payable	95,202	3,912
Net cash provided by (used in) operating activities	16,327	(48,496)
Cash flows from investing activities:		
Proceeds from certificate of deposit withdrawal	50,340	-
Purchases of certificates of deposit	(25,000)	-
Interest reinvested in certificates of deposit	(1,290)	(2,185)
Change in CREATE endowment	(4,130)	352
Purchase of property and equipment	(1,445)	-
Net cash provided by (used in) investing activities	18,475	(1,833)
Cash flows from financing activities:		
Agency transactions, net	14,502	-
Net cash provided by financing activities	14,502	-
Net change in cash	49,304	(50,329)
Cash and savings, beginning of year	164,356	214,685
Cash and savings, end of year	$ 213,660	$ 164,356

The accompanying notes are an integral part of this statement.

UNITED WAY OF OXFORD-LAFAYETTE COUNTY, INC.
(a Not-For-Profit Organization)

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Oxford-Lafayette County, Inc. (the Organization) is a Mississippi nonprofit organization, governed by a volunteer board of directors, whose primary mission is to improve lives and meet community needs by uniting people and resources. To this end, the Organization raises funds and invests in health and human service programs throughout the county, while also leading coalitions to drive community-level change and mobilizing volunteers. The Organization has served the local community since it was established on November 17, 1970. The Organization raises funds through organized volunteer campaigns that are supported by businesses and individuals. Contributions are received in the form of direct cash donations, annual campaign promises to give, corporate matching sponsorships, and employer remittances of participating employee payroll deduction arrangements. The Organization's Community Investment Committee, made up of board members and other community volunteers, reviews grant applications from local nonprofit service providers and recommends annual funding amounts to the board of directors. The organization also serves as the Chair of the Local Board for Emergency Food & Shelter Program, through which federal funding is distributed to direct aid providers in Lafayette County.

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

Annual campaign contributions and other direct contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recognized and recorded when received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their estimated net realizable value. Unconditional promises to give due in subsequent years (if any) are reflected as long-term promises to give and are recorded at the present value of their estimated net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on prior years' experience and management's evaluation of campaign revenue and potential uncollectible promises receivable at year end.

Contributions and grants of cash or other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Administrative fees earned by the Organization for processing and distributing FEMA grant proceeds to specific agencies, interest from certificates of deposit and other interest bearing accounts, designations from other United Way agencies throughout the country, and other receipts not mentioned above are classified as other income. Such revenue is considered unrestricted support and can be used as the Board directs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Cash Equivalents (continued)
The total cash held by Organization at June 30, 2013 and 2012 included $ 29,209 and $ 5,268, respectively, in monies that were not covered by insurance provided by the federal government. It was the opinion of management that the solvency of the particular financial institution was not of particular concern at that time.

Fixed Assets
The Organization records office furniture, fixtures and equipment at cost if purchased or at fair market value if donated. The Organization currently capitalizes all fixed asset acquisitions of $ 500 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Fair Value of Financial Instruments
The carrying amounts at June 30, 2013 and 2012 for cash and cash equivalents, certificates of deposit, and pledges receivable approximate their fair values because of the short maturity of these instruments.

Accrual for Unrecognized Tax Benefits
On a continuing basis, management analyzes the Organization's tax positions, and, when a tax position meets the measurement and recognition principles outlined in FASB Accounting Standards Codification (FASB ASC) 740, *Income Taxes*, the Company accrues a liability for unrecognized tax benefits. Any related interest and penalties associated with unrecognized tax benefits are included as a component of other non-interest expense.

Management has evaluated the tax positions taken, and expected to be taken, on the tax returns of the Organization and has determined that, at June 30, 2013 and 2012, the accrual for unrecognized tax benefits is $ 0.

Open Tax Years
The Organization is subject to taxation in the United States. The Organization's federal information returns are subject to examination by the taxing authorities generally for three years after they are filed. Management has evaluated the tax positions taken, and has not identified any positions that are unlikely to be sustained upon examination.

Donated Property and Facilities
Donations of property are recorded as in-kind contributions at their estimated fair values at the date of donation.

Contributed Services
Contributions of services are recorded at their estimated fair value if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. A number of volunteers have donated significant time and effort to the United Way fundraising campaign and its grant allocation process. The dollar value of these contributed services is not reflected in the financial statements because the nature of the services does not meet the specified criteria for recording. During the years ended June 30, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements was $ 19,590 and $ 37,818, respectively.

Subsequent Events
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Reclassifications
Certain prior year amounts have been reclassified to conform to current year's presentation.

NOTE 2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30:

	2013	*2012*
Unconditional promises to give, 2010/2011 Campaign	$ -	$ 20,274
Unconditional promises to give, 2011/2012 Campaign	-	168,944
Unconditional promises to give, 2012/2013 Campaign	192,505	-
Total unconditional promises to give	192,505	189,218
Less: allowance for uncollectible promises to give	(20,268)	(20,268)
Unconditional promises to give, net	$ 172,237	$ 168,950

NOTE 3. CREATE ENDOWMENT

CREATE Foundation of Tupelo, MS serves as the financial administrator for endowments established by a number of non-profit organizations in North Mississippi. Upon approval by the Board, an agreement to establish an endowment was made in 2005 between the Organization and CREATE Foundation. In December 2005, the Organization contributed $ 20,000 to establish the endowment. As with other endowments managed by CREATE Foundation, a portion of the income from the Organization endowment fund may be distributed annually to the Organization while the endowment fund remains with CREATE Foundation. Additionally, CREATE Foundation agreed to provide a challenge grant whereby it would eventually transfer $ 10,000 of its funds to the endowment in a two to one matching arrangement. This matching contribution was transferred to the Organization endowment fund in September 2006. The Board anticipates that any income distributed from the endowment funds will help offset administrative costs incurred in support of the Organization's charitable purposes. The Organization has not received any distributions from this fund since it was established in 2005.

NOTE 4. FAIR VALUE MEASUREMENT

"Fair value" is defined by FASB ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The hierarchy is broken down into the following three levels, based on the reliability of inputs:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 Significant unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

NOTE 4. FAIR VALUE MEASUREMENT (continued)

Determination of fair value

The Organization uses the valuation methodologies listed below to measure different financial instruments at fair value. An indication of the level in the fair value hierarchy in which each instrument is generally classified is included. Where appropriate, the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

CREATE Endowment

CREATE Endowment funds are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices of the underlying investments allocated to the Organization's units within the larger endowment pool.

The following tables present the balances of assets measured at fair value on a recurring basis:

	June 30, 2013			
	Level 1	***Level 2***	***Level 3***	***Total***
		(in thousands)		
CREATE Endowment	$ 41,063	$ -	$ -	$ 41,063

	June 30, 2012			
	Level 1	***Level 2***	***Level 3***	***Total***
		(in thousands)		
CREATE Endowment	$ 36,933	$ -	$ -	$ 36,933

The Organization has no other assets or liabilities measured at fair value on either a recurring or nonrecurring basis

NOTE 5. DISASTER RELIEF FUND PAYABLE

The Organization has received donations as agent for The Disaster Relief Council for contributions related to severe store damage in a prior year. At June 30, 2013, the Organization held $ 14,502 of cash funds for the benefit of The Disaster Relief Council, representing a liability to that entity and a restriction on spendable cash balances as of that date.

NOTE 6. COMMITMENTS AND CONTINGENCIES

United Way of Oxford-Lafayette County, Inc. traditionally distributes approved allocations (grants) to Board designated agencies on a quarterly basis. At the end of each annual campaign, the Board determines the amount of funds available for distribution and budgets the amounts to be distributed throughout the year. The Fund Distribution Committee then reviews the funding requests received from local agencies. With priorities established by the Committee, fund allocations are developed in accordance with the Organization's guidelines. The allocation recommendations of the Committee are submitted to the Board for approval, and upon approval, distribution schedules are established for the year.

Total allocations approved by the Board for fiscal year 2013 were $ 335,328. At June 30, 2013, $ 3,375 of these allocations remained available for distribution to the designated agencies, and this amount is reflected as a liability on the Organization's statement of financial position at June 30, 2013. In June 2013 the Organization made unconditional pledges to agency programs for allocations to be paid for the period July 1, 2013 through June 30,

NOTE 6. COMMITMENTS AND CONTINGENCIES (continued)

2014. Accordingly, as of June 30, 2013, a liability of $ 340,000 was recorded for the unconditional grants pledged, and not yet paid as of that date.

During the year ended June 30, 2013, the Organization's Board extended the funding cycle for allocations by one fiscal quarter in order for the funding cycle to be consistent with the Organization's fiscal year. The financial effect of extending the funding cycle resulted in five quarterly allocation payments being recognized in expense during the fiscal year ended June 30, 2013.

NOTE 7. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

NOTE 8. LEASES

United Way of Oxford-Lafayette County, Inc. leases office space under a verbal, twelve month lease agreement. Monthly rental payments of $ 750 are presently required under the lease.

NOTE 9. EMPLOYEE BENEFIT PLAN

The Organization participates in a retirement plan that is provided to the salaried employees of the Organization. Established in accordance with Internal Revenue Code Section 403 (b), the defined contribution plan provides for matching funds to be contributed by the Organization up to a maximum of six percent of a participating employee's salary. Presently, the Organization self-administers the funded plan, and the plan investments are held with American Funds. Plan expenses incurred by the Organization during the years ended June 30, 2013 and 2012 were $ 1,350 and $ 4,541, respectively.

During the year, the Organization terminated the 403 (b) Plan and established a Simplified Employee Pension Individual Retirement Arrangement (SEP IRA). The Organization contributes six percent of the employee's salary to the SEP IRA. For the year ended June 30, 2013, plan expenses incurred by the Organization for the SEP IRA were $ 1,510.