

**UNITED WAY OF WAPELLO  
COUNTY, IOWA, INC.**

Financial Statements

June 30, 2014

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statement of Financial Position.....	3-4
Statement of Activities .....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows .....	7
Notes to the Financial Statements .....	8-13
Supplementary Information:	
Schedule of Expenses Compared to Budget – AmeriCorps Grant Agreement .....	14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15-16
Schedule of Findings and Responses .....	17

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## Independent Auditors' Report

Board of Directors  
United Way of Wapello County, Iowa, Inc.  
Ottumwa, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Wapello County, Iowa, Inc., 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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 Wapello County, Iowa, Inc., as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was performed for the purpose of forming an opinion on the financial statements of United Way of Wapello County, Iowa, Inc. as a whole. The accompanying Schedule of Expenses Compared to Budget – AmeriCorps Grant Agreement is presented for 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of United Way of Wapello County, Iowa, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Wapello County, Iowa, Inc.'s internal control over financial reporting and compliance.

*TD&T CPAs and Advisors, P.C.*

Oskaloosa, Iowa  
November 17, 2014

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Statement of Financial Position

June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 326,759	436	327,195
Prepaid insurance	2,766	-	2,766
Grants receivable	10,030	-	10,030
Other receivables	1,300	-	1,300
Pledges receivable, net of allowance for uncollectible pledges of \$20,760	112,255	-	112,255
Total current assets	<u>453,110</u>	<u>436</u>	<u>453,546</u>
Investments - certificates of deposit	257,312	-	257,312
Beneficial interest in trust held by others	<u>-</u>	<u>690,703</u>	<u>690,703</u>
Equipment	64,474	-	64,474
Less accumulated depreciation	47,259	-	47,259
Equipment, net	<u>17,215</u>	<u>-</u>	<u>17,215</u>
Total assets	<u>\$ 727,637</u>	<u>691,139</u>	<u>1,418,776</u>

See accompanying notes to financial statements.

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Statement of Financial Position  
June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Payroll taxes payable	\$ 2,728	-	2,728
Accounts payable	6,391	-	6,391
Designations and grants payable	20,244	-	20,244
Total current liabilities	<u>29,363</u>	<u>-</u>	<u>29,363</u>
Net assets:			
Unrestricted:			
Board designated	262,000	-	262,000
Undesignated	436,274	-	436,274
Total unrestricted	<u>698,274</u>	<u>-</u>	<u>698,274</u>
Temporarily restricted	-	691,139	691,139
Total net assets	<u>698,274</u>	<u>691,139</u>	<u>1,389,413</u>
Total liabilities and net assets	\$ <u><u>727,637</u></u>	<u><u>691,139</u></u>	<u><u>1,418,776</u></u>

See accompanying notes to financial statements.

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Statement of Activities For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Campaign results:			
Pledges current campaign year	\$ -	521,332	521,332
Pledges future campaign year	-	436	436
Pledges prior campaign year	1,248	-	1,248
Less donor designations	-	(26,175)	(26,175)
Less estimated uncollectible pledges	-	(20,760)	(20,760)
Net assets released from restrictions	474,397	(474,397)	-
Net campaign support	475,645	436	476,081
Grants	43,345	-	43,345
Other support	24,059	-	24,059
Change in beneficial interest in trusts held by others	-	49,944	49,944
Investment income	40,395	-	40,395
Interest income	5,233	-	5,233
Miscellaneous income	9,024	-	9,024
Net support and revenue	597,701	50,380	648,081
Expenses:			
Program services:			
Allocations	250,372	-	250,372
Community services	189,963	-	189,963
Total program services	440,335	-	440,335
Support services:			
Management and general	93,813	-	93,813
Fundraising	34,538	-	34,538
Total support services	128,351	-	128,351
Total program and support services	568,686	-	568,686
Unallocated United Way of America dues	5,471	-	5,471
Total expenses	574,157	-	574,157
Change in net assets	23,544	50,380	73,924
Net assets, beginning of year	674,730	640,759	1,315,489
Net assets, end of year	\$ 698,274	691,139	1,389,413

See accompanying notes to financial statements.

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Program Services			Support Services			Total Expenses
	Allocations	Community Services	Total	Fundraising	Management and General	Total	
Allocations	\$ 250,372	-	250,372	-	-	-	250,372
Salaries and wages	-	120,483	120,483	13,442	47,408	60,850	181,333
Fringe benefits	-	20,273	20,273	1,763	7,345	9,108	29,381
Office operating expenses	-	2,009	2,009	3,856	4,996	8,852	10,861
Publicity materials, services and supplies	-	1,264	1,264	12,960	1,581	14,541	15,805
Memberships and subscriptions	-	7,142	7,142	272	349	621	7,763
Services	-	-	-	-	16,774	16,774	16,774
Occupancy expense	-	10,568	10,568	1,409	5,637	7,046	17,614
Conferences, travel and training	-	4,852	4,852	-	1,490	1,490	6,342
Depreciation	-	1,391	1,391	-	6,606	6,606	7,997
Bad debt expense	-	-	-	-	552	552	552
Direct grant expenses	-	-	-	-	-	-	-
Miscellaneous expense	-	21,981	21,981	836	1,075	1,911	23,892
Total functional expenses	\$ 250,372	189,963	440,335	34,538	93,813	128,351	568,686

See accompanying notes to financial statements.

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Statement of Cash Flows For the Year Ended June 30, 2014

Cash flows from operating activities:	
Change in net assets	\$ 73,924
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	7,997
Change in beneficial interest in trusts held by others	(49,944)
Changes in assets and liabilities:	
Pledges receivable	10,383
Grants receivable	7,837
Other current assets	(224)
Designations and grants payable and accrued expenses	(12,772)
Accounts payable	1,487
Other current liabilities	854
Net cash provided (used) by operating activities	<u>39,542</u>
Cash flows from investing activities:	
Purchase of equipment	(1,048)
Purchase of investments	<u>(4,277)</u>
Net cash provided (used) by investing activities	<u>(5,325)</u>
Net increase (decrease) in cash and cash equivalents	34,217
Cash and cash equivalents at beginning of year	<u>292,978</u>
Cash and cash equivalents at end of year	\$ <u><u>327,195</u></u>

See accompanying notes to financial statements.

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements June 30, 2014

### Note 1 – Nature of Organization

United Way of Wapello County (the Organization) is an independent, locally managed nonprofit organization. As a voluntary health and welfare organization, the United Way develops and allocates resources, conducts assessments of health and human care needs of Wapello County and allocates funds and facilitates the distribution of donor directed contributions to agencies to meet these needs. United Way of Wapello County's goal is to advance the common good in Wapello County by focusing on the three building blocks for a good life: education, income and health. United Way's fund raising strategies, including its annual workplace and public campaign, provide monetary resources to support its mission and goals.

### Note 2 – Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

#### Basis of Presentation

Financial statement presentation of net assets follows the recommendations of Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The definitions of the three classifications of net assets are as follows:

- Unrestricted net assets – net assets not subject to donor-imposed restrictions.
- Temporarily restricted net assets – net assets subject to donor imposed restrictions that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. The Organization has no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed or grantor restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(continued)

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements (Continued) June 30, 2014

### Note 2 – Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as temporarily restricted revenues, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions of land, buildings, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class.

#### Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation and National Credit Union Administration up to \$250,000 at each institution. At times the Organization's balances may exceed this amount. At June 30, 2014, the Organization's balances exceeded the federally insured limits by \$59,635. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Investments

Investments consist of certificates of deposit, and are carried at cost which approximates fair value.

#### Grants Receivable

Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from grantor agencies represent an excess of expenditures over cash basis reimbursements at year end and unconditional contributions receivable that will be collected in the following fiscal year.

(continued)

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements (Continued) June 30, 2014

### Note 2 – Summary of Significant Accounting Policies (Continued)

#### Beneficial Interests in Trusts Held by Others

The Organization has a beneficial interest in one perpetual trust which is held by a third party. The Organization has an irrevocable right to receive their share of the income earned on the trust assets in perpetuity, but never receives the underlying assets. The Organization's share of the trust assets was initially recorded at the fair value of underlying investments. Subsequent changes in the value of the Organization's share of the trust assets are recognized as gains or losses in temporarily restricted net assets. Annual distributions are reported as investment income.

#### Equipment

Acquisitions of equipment in excess of \$1,000 and with a useful life greater than one year are capitalized. Equipment which is purchased is stated at its original cost and donated equipment is recorded at fair market value at the date of receipt. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years.

#### Recognition of Pledges from Fundraising Campaign and Grants and Designations

Each year, the Organization conducts campaigns in Wapello County to raise funds for allocation to participating health and human care agencies in Wapello County. Such public support is recorded at fair value of the pledge in the year the pledge is received. Outstanding pledges, less a provision for uncollectible amounts, are recorded as pledges receivable.

United Way of Wapello County issues a Request for Proposal (RFP) and 501(c)(3) not-for-profit organizations submit proposals for one year program funding. Community Impact Investment teams review and score grant applications and each team presents a recommendation to the United Way Board of Directors for the amount of funding, if any, to be awarded. The UWWC Board of Directors approves all grant funding decisions.

Community Impact Investment Program Contract recipients were awarded one time continuation contracts of the period of July 1, 2013 – June 30, 2014 to align the grant process with the change in fiscal year.

Individual donors may designate all or part of their United Way gift to other 501(c)(3) organizations that promote health and human service activities and have a physical presence in the state of Iowa. These pledges are included in total pledges from fundraising campaigns and are deducted from the total campaign results under donor designations in arriving at net campaign support. At June 30, 2014, all designations and grants committed were paid to participating agencies or recorded as payable on the financial statements.

(continued)

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements (Continued) June 30, 2014

### Note 2 – Summary of Significant Accounting Policies (Continued)

#### Donated Services

A substantial number of volunteers donate significant amounts of time to the Organization's fundraising campaign, allocation functions, and administrative oversight. Such services are not reflected in the financial statements, since they do not create or enhance non-financial assets or require specialized skills that would typically be purchased.

#### Functional Allocation of Expenses

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

#### Income Taxes

The Organization is organized as a nonprofit corporation under the provisions of 504A of the 1991 Code of Iowa, and is exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization had no unrelated business taxable income during the year. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years ended prior to June 30, 2011.

#### Date of Management's Review

Management has evaluated subsequent events through November 17, 2014, the date which the financial statements were available to be issued.

### Note 3 – Pledges Receivable

Pledges receivable and changes in the allowance for uncollectible amounts during the year ended June 30, 2014 are summarized as follows:

Total pledges receivable	\$	<u>133,015</u>
Allowance for uncollectible amounts:		
Balance, beginning of year		17,394
Plus provision for 2013 estimated uncollectible pledges		20,760
Recovery of previously estimated uncollectible pledges	(	(552)
Less write-off of uncollectible pledges	(	<u>16,842</u> )
Balance, end of year		<u>20,760</u>
Net pledges receivable	\$	<u>112,255</u>

(continued)

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements (Continued) June 30, 2014

### Note 3 – Pledges Receivable (Continued)

All pledges are expected to be received within one year. The provision for uncollectible pledges is made on campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

### Note 4 – Distributions to the Community and Benefiting Organizations

The Organization's various fundraising campaigns and activities resulted in the following distributions to United Way member agencies and other benefiting organizations for the year ended June 30, 2014:

Grants determined by the Board of Directors to member agencies	\$	224,197
Designations directed by donor: Member agencies		<u>26,175</u>
	\$	<u>250,372</u>

### Note 5 – Lease Commitment

The Organization leases its office space at 224 East Second Street from Molly's of Ottumwa, LLC under a noncancelable operating lease at a rate of \$850 per month with an additional \$180 per month for utilities. The lease began October 9, 2012 and terminates October 31, 2015. Future minimum lease payments under this lease are as follows:

Year Ending June 30:		
2015		12,360
2016		4,120

### Note 6 – Concentration of Contributions

There are two organizations that contribute approximately 41% of the Organization's annual support and revenue.

### Note 7 – Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 include the beneficial interest in trusts held by others of \$690,703 and pledges for subsequent year of \$436.

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Notes to Financial Statements (Continued) June 30, 2014

### Note 8 – Fair Value Measurement

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or 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 Topic 820 are described below:

#### Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents by level, within the fair value hierarchy, the assets at fair value, as of June 30, 2014. As required by FASB ASC Topic 820, assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>June 30, 2014</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in trust held by others	\$ <u>690,703</u>	<u>-</u>	<u>690,703</u>	<u>-</u>

Valuation techniques for Level 2 inputs included:

- Beneficial interests in trust held by others are valued using the fair value of underlying investments. The underlying investments are based on prices quoted in active markets.

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Supplementary Information

June 30, 2014

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Schedule of Expenses Compared to Budget  
 AmeriCorps Grant Agreement  
 Grant Number 12-AP-04  
 Grant Period 07/01/12 - 08/31/13  
 Interim Audit  
 For the Year Ended June 30, 2014

	Approved Budget	Actual 07/01/12- 06/30/13
Cost category:		
Program operating costs	\$ 57,619	7,733
Administrative costs	<u>7,761</u>	<u>2,599</u>
Total	<u>\$ 65,380</u>	<u>10,332</u>
Federal share of costs	\$ 49,500	9,434
Grantee's share of costs	<u>15,880</u>	<u>898</u>
Total	<u>\$ 65,380</u>	<u>10,332</u>

UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

Independent Auditors' Report  
on Internal Control and Compliance and Other Matters

June 30, 2014

Offices located in:  
**Burlington**  
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Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
United Way of Wapello County, Iowa, Inc.  
Ottumwa, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Way of Wapello County, Iowa, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 17, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way of Wapello County, Iowa, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Wapello County, Iowa, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-1 to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**United Way of Wapello County, Iowa, Inc.'s Response to Findings**

United Way of Wapello County, Iowa, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. United Way of Wapello County, Iowa, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*TDE&T CPAs and Advisors, P.C.*

Oskaloosa, Iowa  
November 17, 2014

# UNITED WAY OF WAPELLO COUNTY, IOWA, INC.

## Schedule of Findings and Responses June 30, 2014

The following finding relates to the financial statements which are required to be reported in accordance with generally accepted governmental auditing standards.

### Material Weakness:

#### **Finding 2014-1: Preparation of Financial Statements in Accordance with Accounting Principles Generally Accepted in the United States of America**

Condition: Internal controls related to the preparation of the financial statements of the Organization are not properly designed and significant adjustments were necessary in order to ensure the financial statements and required disclosures are prepared in accordance with accounting principles generally accepted in the United States of America.

Criteria: Internal controls should be in place that provides reasonable assurance that the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Effect: Misstatement of financial statements and omissions of required disclosures could occur and not be detected.

Recommendation: We recommend that personnel in charge of accounting receive additional training in order to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

Response: Management has determined the cost to obtain adequate knowledge and training in order to prepare financial statements, including required disclosures, in accordance with accounting principles generally accepted in the United States of America would exceed the benefit. Management will therefore continue to rely on the auditors in preparing the financial statements.