

UNITED WAY OF CENTRAL ARKANSAS, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

UNITED WAY OF CENTRAL ARKANSAS, INC.

JUNE 30, 2015

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Board of Directors
United Way of Central Arkansas, Inc.
Conway, Arkansas

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of United Way of Central Arkansas, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, 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.

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 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 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 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 Central Arkansas, Inc. as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited United Way of Central Arkansas, Inc. 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the Table of Contents 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.



November 9, 2015
Conway, Arkansas

STATEMENT OF FINANCIAL POSITION

UNITED WAY OF CENTRAL ARKANSAS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 117,641	\$ 252,293
Cash and cash equivalents - Revolving auto loan	1,297	1,292
Certificates of deposit	155,298	154,894
Investments - Note 6	53,940	52,119
Pledges receivable (net of \$33,252 and \$41,316 allowance for doubtful accounts)	161,860	190,718
Other receivable - Revolving auto loan	920	1,276
Total Current Assets	<u>490,956</u>	<u>652,592</u>
<u>Restricted Assets - Note 4:</u>		
Investment - Endowment fund - Note 6	28,000	26,000
Investment - Arkansas Community Foundation - Note 6	15,769	15,769
Total Restricted Assets	<u>43,769</u>	<u>41,769</u>
<u>Property and Equipment - Note 7:</u>		
Office equipment	54,082	54,082
	<u>54,082</u>	<u>54,082</u>
Less: Accumulated depreciation	<u>(54,082)</u>	<u>(54,082)</u>
Total Property and Equipment	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 534,725</u>	<u>\$ 694,361</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF CENTRAL ARKANSAS, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2015

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current Liabilities:</u>		
Accounts payable	\$ 0	\$ 0
Accounts payable - Pass through	0	22,465
Accrued taxes payable	2,663	2,275
	<hr/>	<hr/>
Total Current Liabilities	2,663	24,740
	<hr/>	<hr/>
<u>Other Liabilities:</u>		
Deferred pledge revenue	214,247	307,342
	<hr/>	<hr/>
Total Other Liabilities	214,247	307,342
	<hr/>	<hr/>
Total Liabilities	216,910	332,082
	<hr/>	<hr/>
<u>Net Assets:</u>		
Unrestricted:		
Designated by management - Note 8	245,859	246,231
Undesignated	28,865	74,957
Temporarily restricted	0	0
Permanently restricted	43,091	41,091
	<hr/>	<hr/>
Total Net Assets	317,815	362,279
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 534,725</u>	<u>\$ 694,361</u>

The accompanying notes are an integral part of the financial statement.

UNITED WAY OF CENTRAL ARKANSAS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	2015 Total	2014 Total
<u>Support and Revenue:</u>					
Contributions	\$ 464,858	\$ 0	\$ 2,000	\$ 466,858	\$ 536,306
Grant income	0	0	0	0	700
Unrealized gain (loss)	(1,942)	0	0	(1,942)	4,818
Investment income	5,180	0	0	5,180	7,831
Fundraiser income	48,981	0	0	48,981	58,519
Administration fee income	4,312	0	0	4,312	7,839
Miscellaneous income	0	0	0	0	1,527
Net assets released from restriction:					
Satisfaction of program restriction	0	0	0	0	0
Total Support and Revenue	521,389	0	2,000	523,389	617,540
<u>Expenses:</u>					
Administrative	60,613	0	0	60,613	60,650
Campaign expense	56,692	0	0	56,692	55,556
Program service expense	450,548	0	0	450,548	552,190
Total Expenses	567,853	0	0	567,853	668,396
Change in Net Assets	(46,464)	0	2,000	(44,464)	(50,856)
Net Assets - Beginning of Year	321,188	0	41,091	362,279	413,135
Net Assets - End of Year	\$ 274,724	\$ 0	\$ 43,091	\$ 317,815	\$ 362,279

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF CENTRAL ARKANSAS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	ADMINISTRATIVE	CAMPAIGN EXPENSE	PROGRAM SERVICES	2015 TOTAL	2014 TOTAL
Salaries	\$ 25,268	\$ 35,934	\$ 24,788	\$ 85,990	\$ 82,252
Retirement	449	435	435	1,319	1,320
Payroll taxes	1,990	2,938	2,016	6,944	6,713
Insurance	3,229	2,435	3,070	8,734	11,014
Professional services	7,745	4,048	5,809	17,602	17,958
Software expense	3,306	1,728	2,480	7,514	5,609
Supplies	352	184	263	799	698
Repairs and maintenance	117	61	88	266	125
Office expense	903	472	677	2,052	43
Rent	4,810	2,530	3,660	11,000	13,000
Telephone	744	391	563	1,698	1,668
Postage, printing, and photocopying	2,009	1,044	1,615	4,668	4,460
Gifts, awards, and recognitions	124	64	93	281	225
Advertising and promotions	966	676	968	2,610	3,162
Fundraiser event expense	3,444	1,628	2,336	7,408	9,221
Travel, registration fees, and subscriptions	483	253	362	1,098	1,537
Meals	117	40	57	214	68
Bank expense and miscellaneous	1,117	32	49	1,198	1,395
Depreciation	0	0	0	0	54
Dues	3,440	1,799	2,581	7,820	7,669
Payment to member agencies - Schedule 1	0	0	394,050	394,050	480,111
Other allocations	0	0	2,360	2,360	2,500
Jeans & Bling allocation	0	0	2,228	2,228	4,939
Loan write-off expense	0	0	0	0	11,952
CFC Designations	0	0	0	0	703
Total	\$ 60,613	\$ 56,692	\$ 450,548	\$ 567,853	\$ 668,396

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF CENTRAL ARKANSAS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (44,464)	\$ (50,856)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operations:		
Depreciation expense	0	54
(Increase) Decrease in receivables	29,214	91,012
Increase (Decrease) in payables and accrued expenses	(22,077)	(15,933)
Increase (Decrease) in other liabilities	(93,095)	40,127
Net Cash Provided (Used) by Operating Activities	<u>(130,422)</u>	<u>64,404</u>
<u>Cash Flows from Investing Activities:</u>		
Net Sale (Purchase) of investments and certificates of deposit	(2,225)	(14,018)
(Increase) Decrease of restricted cash	(2,000)	(2,000)
Gross proceeds from sale of assets	0	0
Net Cash Provided (Used) by Investing Activities	<u>(4,225)</u>	<u>(16,018)</u>
<u>Cash Flows from Financing Activities:</u>		
Payment of principal of long-term debt	0	0
Net Cash Provided (Used) by Financing Activities	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash	(134,647)	48,386
Cash - Beginning of Period	253,585	205,199
Cash - End of Period	<u>\$ 118,938</u>	<u>\$ 253,585</u>
<u>Supplemental Disclosures:</u>		
Cash paid during the year for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>
Taxes	<u>\$ N/A</u>	<u>\$ N/A</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

United Way of Central Arkansas, Inc. was organized as a non-profit corporation without capital stock under the laws of the State of Arkansas. The purpose of this Organization is to develop teamwork among the approved agencies serving Central Arkansas and their constituencies in the collection and distribution of funds for the various approved benevolent, charitable, health, and social service agencies in the Central Arkansas area.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, Not-for-Profit Entities, Presentation of Financial Statements. Under FASB ASC 958, the Foundation 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

All pledges are for a one year period and are all currently receivable within the next year.

Contributed Services

During the year ended June 30, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment

Property and equipment with a life of more than one year and a purchase price of more than \$2,500 are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Compensated Absences

The Organization has not recorded a liability for compensated absences since, in management's opinion, the amounts cannot be reasonably determined.

Income Taxes

The Organization has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state laws. As such, they are required to file IRS Form 990 on an annual basis. The Organization is no longer subject to U.S. federal income tax examinations by taxing authorities for years before June 30, 2012.

The Clinic adopted the provisions of ASC Topic 740 dealing with uncertainty in income taxes. No amounts were recorded as a result of the adoption of Topic 740.

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.

Concentrations of Credit Risk Due to Temporary Cash Investments and Pledges Receivable

Financial instruments that potentially subject the United Way of Central Arkansas, Inc. to concentrations of credit risk consist principally of temporary cash investments and pledges receivable. United Way of Central Arkansas, Inc. places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising United Way of Central Arkansas, Inc.'s contributor base. As of June 30, 2015, the Organization had no significant concentrations of credit risk.

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE 2 - COLLATERALIZATION OF CASH BALANCES:

	<u>2015</u>	<u>2014</u>
Cash in Bank, Fully Insured by FDIC	\$ 275,890	\$ 398,821
Cash in Bank, Collateralized	0	0
Cash in Bank, Uninsured, Uncollateralized	<u>0</u>	<u>0</u>
	<u>\$ 275,890</u>	<u>\$ 398,821</u>

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

ASC Topic 820, *Fair Value Measurements*, defines fair value 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. Topic 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** 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 for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheet as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED):

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include certificates of deposit and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include investments with Arkansas Community Foundation. Investments are classified within Level 2 of the valuation hierarchy because they are valued by the trustee who holds the securities. The Organization did not hold Level 3 securities as of June 30, 2015.

The following table presents the fair value measurement of assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement is valued at June 30, 2015:

<u>Description</u>	<u>Total Value</u>	<u>Fair Value Measurements at 6/30/2015 Using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	\$ 155,298	\$ 155,298	\$ 0	\$ 0
Mutual Funds	72,488	72,488	0	0
Invest in Comm Fdn	<u>25,221</u>	<u>0</u>	<u>25,221</u>	<u>0</u>
	<u>\$ 253,007</u>	<u>\$ 227,786</u>	<u>\$ 25,221</u>	<u>\$ 0</u>

NOTE 4 - RESTRICTED ASSETS:

Under the terms of certain contributions, specific assets are restricted by a designation of an endowment fund. Other investments are temporarily restricted by a designation of a specific program.

NOTE 5 - RETIREMENT PLAN:

Employees of the United Way of Central Arkansas, Inc., who are at least 21 years of age, who will earn more than \$5,000 in compensation during any prior six month period and have worked for the United Way of Central Arkansas, Inc., for at least six months are eligible to participate in the Simple IRA Plan.

A dollar for dollar match by the United Way of Central Arkansas, Inc., will be added to the employee's deferral (if any) up to 3% of the employee's annual compensation. All contributions are 100% vested to the employee. The Board of Directors will review the percentage it contributes as needed.

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 6 - INVESTMENTS:

Investments in the Endowment Fund consist of stock and mutual funds. Distributions are allowed from earnings. The following schedule summarizes investment activity for the year ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Beginning Balance - At Market Value	\$ 68,534	\$ 56,109
Contribution of additional investments	2,000	2,000
Income reinvested	2,388	7,393
Unrealized gain (loss) on investments	<u>(434)</u>	<u>3,032</u>
Ending Balance - At Market Value	72,488	68,534
Unrestricted Investment	<u>(44,488)</u>	<u>(42,534)</u>
Endowment Investment	<u>\$ 28,000</u>	<u>\$ 26,000</u>

The United Way of Central Arkansas, Inc. has established an Endowment Fund within the Arkansas Community Foundation, Inc. (ACF), which is a not-for-profit community foundation. The amount of \$15,769 has been irrevocably invested in ACF with the agreement that an annual distribution will be received by the Organization as determined by the ACF spending rate policy. Of this amount, \$6,861 is available to grant at June 30, 2015.

	<u>2015</u>	<u>2014</u>
Beginning Balance - At Market Value	\$ 25,354	\$ 22,050
Contribution of additional investments	0	0
Income reinvested	1,293	1,518
Unrealized gain (loss) on investments	<u>(1,426)</u>	<u>1,786</u>
Ending Balance - At Market Value	25,221	25,354
Unrestricted Investment	<u>(9,452)</u>	<u>(9,585)</u>
Endowment Investment	<u>\$ 15,769</u>	<u>\$ 15,769</u>

UNITED WAY OF CENTRAL ARKANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 7 - DEPRECIATION:

Property and equipment are stated at cost and materials assets are capitalized when expected useful life exceeds one year. The categories with annual depreciation rates consist of the following:

	<u>2015</u>	<u>2014</u>	<u>Method and Years</u>
Office Equipment	\$ 54,082	\$ 54,082	SL 3, 5, 7, & 10
	<u>\$ 54,082</u>	<u>\$ 54,082</u>	

Depreciation expense charged to operations for the year ended June 30, 2015 and 2014 was \$-0- and \$54, respectively.

NOTE 8 - NET ASSETS DESIGNATED BY MANAGEMENT:

A portion of the Unrestricted Net Assets has been restricted by the Board of Directors and management for the following purposes:

	<u>2015</u>	<u>2014</u>
Technology Reserve	\$ 4,939	\$ 4,939
Allocation Reserve	240,000	240,000
Revolving Loan Reserve	<u>920</u>	<u>1,292</u>
Total Designated Net Assets	<u>\$ 245,859</u>	<u>\$ 246,231</u>

NOTE 9 - PASS THROUGH CONTRIBUTIONS:

United Way of Central Arkansas, Inc. acts in the capacity of pass through agent for Acxiom Corporation. All contributions to any United Way by Acxiom employees in the United States are remitted to United Way of Central Arkansas. However, contributions from out-of-state employees or in-state employees working where another United Way actually conducts the solicitation of funds cannot be considered as income for United Way of Central Arkansas. These funds are simply passed through, and therefore are presented as a reduction of total contributions received. This program was discontinued during the year ended June 30, 2015.

NOTE 10 - SUBSEQUENT EVENTS:

No events occurring subsequent to year end, having a direct and material effect on the financial statements for the year ended June 30, 2015, have been determined as of the date of the audit report.

SUPPLEMENTAL INFORMATION

UNITED WAY OF CENTRAL ARKANSAS, INC.**PAYMENTS TO MEMBER AGENCIES****YEAR ENDED JUNE 30, 2015**

	Year Ended 2015	Year Ended 2014
American Red Cross	\$ 0	\$ 15,000
Arkansas Preschool Plus	10,576	0
Bethlehem House	28,202	32,000
Big Brothers/Big Sisters	0	5,000
Boys and Girls Club	33,842	45,000
CAPCA/Food Bank	47,003	58,000
CASA	18,801	8,000
Child Care Aware	4,700	0
City of Hope	2,000	4,000
Community Connections	4,700	7,000
Community Service, Inc.	4,700	5,000
Conway Cty Ctr for Exceptional Children	18,801	20,000
Conway Cradle Care	22,561	23,500
Conway Interfaith Clinic	28,202	35,000
Faulkner County Council on Development	0	24,000
Faulkner County Day School	41,362	44,000
Faulkner County Senior Citizens Center	80,845	99,000
Girl Scouts	1,692	2,000
Glenhaven Youth Ranch	4,230	5,000
Haven	11,751	13,500
Hearts & Hooves	0	111
Women's Shelter	30,082	35,000
	<u>\$ 394,050</u>	<u>\$ 480,111</u>
Total	<u>\$ 394,050</u>	<u>\$ 480,111</u>

See Auditors' Report on Supplemental Schedules.