

Financial Statements



United Way of the Big Bend, Inc.

*Years ended June 30, 2010 and 2009
with Report of Independent Auditors*

Thomas Howell
 Ferguson P.A.

United Way of the Big Bend, Inc.

Financial Statements

Years ended June 30, 2010 and 2009

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Report of Independent Auditors

The Board of Directors
United Way of the Big Bend, Inc.

We have audited the accompanying statements of financial position of the United Way of the Big Bend, Inc. (the UWBB) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the UWBB's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Big Bend, Inc. as of June 30, 2010 and 2009, and the changes in its net assets, its functional activities, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Thomas Howell Ferguson P.A.

November 11, 2010

United Way of the Big Bend, Inc.

Statements of Financial Position

	June 30,	
	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 331,554	\$ 1,120,866
Investments	2,891,357	2,114,208
Pledges receivable, net of allowance for uncollectibles of \$414,765 and \$402,179, respectively	2,517,171	2,486,860
Accounts receivable	74,307	52,569
Deposits and other assets	13,075	16,785
Property and equipment, net	801,458	839,426
Total assets	<u>\$ 6,628,922</u>	<u>\$ 6,630,714</u>
Liabilities and net assets		
Liabilities:		
Allocations payable	\$ 5,538,189	\$ 5,478,979
Accounts payable and accrued expenses	156,669	81,850
Deferred revenue	31,804	31,804
Total liabilities	<u>5,726,662</u>	<u>5,592,633</u>
Net assets:		
Unrestricted:		
Designated	742,952	859,058
Temporarily restricted	49,308	69,023
Permanently restricted	110,000	110,000
Total net assets	<u>902,260</u>	<u>1,038,081</u>
Total liabilities and net assets	<u>\$ 6,628,922</u>	<u>\$ 6,630,714</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Statements of Activities and Changes in Net Assets

	Years ended June 30,				
	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
				Total	Total
Changes in net assets:					
Revenues and other support:					
Campaign revenue:					
Current year campaign contributions	\$ 6,460,683	\$ -	\$ -	\$ 6,460,683	\$ 6,509,632
Campaign contributions received in prior year	69,023	(69,023)	-	-	-
Less: donor designations	(1,612,422)	-	-	(1,612,422)	(1,806,707)
Less: provision for uncollectible pledges	(485,679)	-	-	(485,679)	(330,428)
Total campaign revenue, net	4,431,605	(69,023)	-	4,362,582	4,372,497
Campaign contributions received for next year	-	49,308	-	49,308	69,023
Net campaign revenue	4,431,605	(19,715)	-	4,411,890	4,441,520
Special grants	148,130	-	-	148,130	232,989
Non-campaign fundraising	24,288	-	-	24,288	24,283
Investment income (loss)	230,073	-	-	230,073	(166,021)
Other income	22,839	-	-	22,839	88,871
Total revenues and other support	4,856,935	(19,715)	-	4,837,220	4,621,642
Allocations and other functional expenses:					
Allocations:					
Member agencies in the Big Bend	3,374,475	-	-	3,374,475	3,314,537
Non-member agencies in the Big Bend	773,933	-	-	773,933	779,575
Non-member agencies outside of the Big Bend	553,961	-	-	553,961	626,775
Strategic initiatives and Community Human Service Partnership	231,297	-	-	231,297	250,326
Special grants	55,879	-	-	55,879	189,729
Less: designated allocations	(1,612,422)	-	-	(1,612,422)	(1,806,707)
Total allocations	3,377,123	-	-	3,377,123	3,354,235
Other functional expenses:					
Program	318,012	-	-	318,012	288,410
Fundraising	750,337	-	-	750,337	864,224
Management and general	527,569	-	-	527,569	453,501
Total other functional expenses	1,595,918	-	-	1,595,918	1,606,135
Total allocations and other functional expenses	4,973,041	-	-	4,973,041	4,960,370
Change in net assets	(116,106)	(19,715)	-	(135,821)	(338,728)
Net assets at beginning of year	859,058	69,023	110,000	1,038,081	1,432,890
Prior period adjustments (see Note 7)	-	-	-	-	(56,081)
Net assets at beginning of year, as restated	859,058	69,023	110,000	1,038,081	1,376,809
Net assets at end of year	\$ 742,952	\$ 49,308	\$ 110,000	\$ 902,260	\$ 1,038,081

See accompanying notes.

United Way of the Big Bend, Inc.

Statement of Functional Expenses

Year ended June 30, 2010

	Allocations	Program	Fundraising	Management and General	Total Expenses
Allocations					
Agency allocations	\$ 3,089,947	-	-	-	\$ 3,089,947
Strategic initiatives and Community Human Services Partnership	231,297	-	-	-	231,297
Special grants	55,879	-	-	-	55,879
Total allocations	<u>3,377,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,377,123</u>
Other Functional Expenses					
Salaries and related benefits	-	209,687	502,681	400,819	1,113,187
Insurance	-	3,100	5,514	7,088	15,702
Miscellaneous	-	2,359	2,305	928	5,592
Professional fees	-	3,825	31,015	5,459	40,299
Office expenses, telephone, postage	-	16,003	25,377	19,397	60,777
Advertising	-	3,257	3,305	1,065	7,627
Printing, awards, and other direct campaign	-	105	88,821	149	89,075
Travel	-	3,048	3,956	4,289	11,293
Conferences, meetings, and training	-	12,820	7,584	6,578	26,982
Dues and subscriptions	-	18,265	37,884	26,965	83,114
Contract services	-	16,895	6,570	4,275	27,740
Banking, investment, and credit card fees	-	2,713	4,826	25,406	32,945
Building and equipment expenses:					
Equipment depreciation	-	6,500	11,561	9,278	27,339
Other building expense	-	2,855	5,078	4,075	12,008
Other equipment expense	-	16,580	13,860	11,798	42,238
Total other functional expense	<u>-</u>	<u>318,012</u>	<u>750,337</u>	<u>527,569</u>	<u>1,595,918</u>
Total	<u>\$ 3,377,123</u>	<u>\$ 318,012</u>	<u>\$ 750,337</u>	<u>\$ 527,569</u>	<u>\$ 4,973,041</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Statement of Functional Expenses

Year ended June 30, 2009

	Allocations	Program	Fundraising	Management and General	Total Expenses
Allocations					
Agency allocations	\$ 2,914,180	\$ -	\$ -	\$ -	\$ 2,914,180
Strategic initiatives and Community Human Services Partnership	250,326	-	-	-	250,326
Special grants	189,729	-	-	-	189,729
Total allocations	<u>3,354,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,354,235</u>
Other Functional Expenses					
Salaries and related benefits	-	215,866	611,108	338,996	1,165,970
Insurance	-	4,642	10,048	8,677	23,367
Miscellaneous	-	535	2,641	1,289	4,465
Professional fees	-	3,538	12,866	4,529	20,933
Office expenses, telephone, postage	-	17,662	37,196	21,091	75,949
Advertising	-	922	2,136	1,531	4,589
Printing, awards, and other direct campaign	-	107	88,301	205	88,613
Travel	-	2,345	5,830	3,798	11,973
Conferences, meetings, and training	-	908	1,616	1,155	3,679
Dues and subscriptions	-	17,826	39,450	23,587	80,863
Contract services	-	4,335	9,383	5,549	19,267
Banking, investment, and credit card fees	-	1,173	2,519	19,349	23,041
Building and equipment expenses:					
Equipment depreciation	-	5,919	12,811	7,576	26,306
Other building expense	-	3,080	7,644	3,942	14,666
Other equipment expense	-	9,552	20,675	12,227	42,454
Total other functional expense	<u>-</u>	<u>288,410</u>	<u>864,224</u>	<u>453,501</u>	<u>1,606,135</u>
Total	<u>\$ 3,354,235</u>	<u>\$ 288,410</u>	<u>\$ 864,224</u>	<u>\$ 453,501</u>	<u>\$ 4,960,370</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Statements of Cash Flows

	Years ended June 30,	
	2010	2009
Operating activities		
Change in net assets	\$ (135,821)	\$ (338,728)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	27,339	26,306
Realized (gains) losses on investments	(43,600)	247,982
Unrealized (gains) losses on investments	(81,229)	14,054
Donated assets	18,080	(18,080)
Changes in operating assets and liabilities:		
Pledges receivable	(30,311)	187,640
Accounts receivable	(21,738)	(30,833)
Deposits and other assets	3,710	42,594
Accounts payable and accrued expenses	74,819	(12,402)
Allocations payable	59,210	(679,171)
Deferred revenue	-	(55,353)
Net cash used in operating activities	<u>(129,542)</u>	<u>(615,991)</u>
Investing activities		
Purchase of property and equipment	(7,451)	(87,804)
Purchase of investments	(1,185,441)	(3,358,120)
Proceeds from sales and maturities of investments	533,122	4,095,888
Net cash (used in) provided by investing activities	<u>(659,770)</u>	<u>649,964</u>
Financing activities		
Proceeds from line of credit	-	50,000
Payments on line of credit	-	(50,000)
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(789,312)	33,973
Cash and cash equivalents at beginning of year	1,120,866	1,086,893
Cash and cash equivalents at end of year	<u>\$ 331,554</u>	<u>\$ 1,120,866</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Notes to Financial Statements

Years ended June 30, 2010 and 2009

1. Summary of Significant Accounting Policies

Nature of Operations

The United Way of the Big Bend (UWBB) is a not-for-profit corporation organized under the laws of the state of Florida. Its primary purpose is to raise money and mobilize resources to meet priority human needs.

Basis of Accounting

UWBB uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds. The financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. UWBB has not experienced any losses in such accounts.

For purposes of the statements of cash flows, UWBB considers all highly liquid debt instruments purchased with a maturity of three month or less to be cash.

Investments

Investments consist of various certificates of deposits, bonds, stocks, and mutual funds. Investments are carried at their market values. The values of certificates of deposits, bonds, and stocks are estimated based on their quoted market values for the specific investment. The value of an endowment fund held by the Community Foundatin of North Florida (CFNF) is determined based on information received from CFNF.

Concentration of Credit Risk

The financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to UWBB. Credit risk is a consequence of carrying investment positions. To manage credit risk, UWBB focuses primarily on higher quality, fixed income securities, limits its exposure in any one investment, and monitors quality.

United Way of the Big Bend, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 40 years.

Contributions

Annual campaigns are conducted to raise support for allocation to not-for-profit agencies that provide direct health or social welfare services. Contributions made specifically to UWBB or to a particular county or area of need are considered undesignated and will be allocated according to UWBB's policies and procedures. When the donor makes a contribution to UWBB and designates a named charity as the beneficiary, the donor is generating an agent transaction and the donation is not considered revenue to UWBB. These designations are called "donor designations" and "designated allocations" in the statement of activities and changes in net assets and are deducted from gross campaign revenue and a designated pledges liability account is recognized.

Contributions and grants of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use and duration of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor contributions and grants received with restrictions that expire during the fiscal year are recorded as unrestricted contributions on the statement of activities and changes in net assets.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWBB. Contributed services recognized as revenue during the years ended June 30, 2010 and 2009, included professional services required to fulfill program responsibilities. Volunteers, including Board members, also provided general support services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated Services

A significant portion of the UWBB's functions is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition.

United Way of the Big Bend, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefited on the basis of estimates made by management.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the UWBB is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, and as such is liable for tax only on business income unrelated to the purpose for which it is exempt.

Subsequent Events

The UWBB has evaluated subsequent events through November 11, 2010, the date the financial statements were available to be issued. During the period from June 30, 2010 to November 11, 2010, the UWBB did not have any material recognizable subsequent events other than the event disclosed in Note 10.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Investments

Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides 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 the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

United Way of the Big Bend, Inc.

Notes to Financial Statements

2. Investments (continued)

UWBB utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at June 30, 2010:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Market Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 797,973	\$ 20,652	\$ 818,625	\$ 818,625	\$ -
Bonds	1,595,278	57,124	1,652,402	1,652,402	-
Mutual Funds	358,669	2,287	360,956	360,956	-
Endowment fund*	<u>70,000</u>	<u>(10,626)</u>	<u>59,374</u>	<u>-</u>	<u>59,374</u>
Total	\$ <u>2,821,920</u>	\$ <u>69,437</u>	\$ <u>2,891,357</u>	\$ <u>2,831,983</u>	\$ <u>59,374</u>

Investments consist of the following at June 30, 2009:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Market Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 608,759	\$ 5,874	\$ 614,633	\$ 614,633	\$ -
Bonds	1,407,241	(273)	1,406,968	1,406,968	-
Endowment certificate of deposit	40,000	-	40,000	40,000	-
Endowment fund*	<u>70,000</u>	<u>(17,393)</u>	<u>52,607</u>	<u>-</u>	<u>52,607</u>
Total	\$ <u>2,126,000</u>	\$ <u>(11,792)</u>	\$ <u>2,114,208</u>	\$ <u>2,061,601</u>	\$ <u>52,607</u>

**The endowment fund is comprised of funds held at the Community Foundation of North Florida (CFNF). Fair value is determined based on information received from CFNF. As of December 31, 2009, CFNF is invested in mutual funds and has not disclosed the level used to determine the fair value of those investments.*

United Way of the Big Bend, Inc.

Notes to Financial Statements

2. Investments (continued)

Investment income consists of the following:

	Years ended June 30,	
	2010	2009
Interest and dividends, net of fees	\$ 105,244	\$ 96,015
Realized gains (losses) on investments sold	<u>43,600</u>	<u>(247,982)</u>
Net realized investment gain (loss)	148,844	(151,967)
Change in unrealized gains (losses) during the year	<u>81,229</u>	<u>(14,054)</u>
Total investment income (loss)	<u>\$ 230,073</u>	<u>\$ (166,021)</u>

3. Property and Equipment

Property and equipment consists of the following:

	June 30,	
	2010	2009
Land	\$ 313,803	\$ 313,803
Building and improvements	812,591	808,898
Automobiles	44,396	62,476
Furniture and equipment	81,949	94,743
Computer equipment	<u>64,145</u>	<u>134,733</u>
	1,316,884	1,414,653
Less accumulated depreciation	<u>515,426</u>	<u>575,227</u>
	<u>\$ 801,458</u>	<u>\$ 839,426</u>

4. Net Assets

Unrestricted net assets consists of funds designated by the Board of Directors for the following purposes:

	2010	2009
Land, building, and equipment reserves	\$ 292,625	\$ 277,812
Management reserves	398,992	401,534
Community reserves	<u>51,335</u>	<u>179,712</u>
	<u>\$ 742,952</u>	<u>\$ 859,058</u>

The land, building, and equipment reserves are to be increased every year in an amount sufficient to accumulate a balance of \$500,000 (indexed to the year 2000) by the year 2025. The intent of this reserve is to fund major maintenance, replacement, or repair on UWBB facilities and equipment as well as to fund building replacement or renovation.

United Way of the Big Bend, Inc.

Notes to Financial Statements

4. Net Assets (continued)

Management reserves are to be maintained at 25% of the operating budget each year. This reserve is intended to maintain the operation of the organization in the event that UWBB is unable to conduct a community campaign or to collect pledges on a previous campaign.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of pledge revenue received for the subsequent year's campaign. As of June 30, 2010, \$49,308 has been received for the 2010 campaign. The net assets are reclassified to unrestricted in the subsequent year when the time restriction ends.

6. Permanently Restricted Net Assets

UWBB established an endowment fund during 1994. The fund was established to make it possible for UWBB to help social services agencies sustain current programs and develop new ones, as needed.

All endowment funds are classified as permanently restricted net assets in accordance with donor stipulations. UWBB does not have a formally adopted endowment spending policy. However, no investment income has been recognized related to these funds as of June 30, 2010. UWBB's endowment investment policies limit its investments to certain types of investments and limits the amount invested in any one financial institution or issuer to 95% of the FDIC coverage. The overall objectives of the investment policy are production of sufficient income to meet the goals of the account and to provide for growth of assets to meet future objectives.

Contributions to the endowment of \$110,000 have been received as of June 30, 2010. Total deficiencies of \$10,626 have been recognized as of June 30, 2010, due to unfavorable market fluctuations.

Changes in endowment net assets for the fiscal year ended June 30, 2010, are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ (17,393)	\$ 110,000
Investment return:		
Net depreciation (realized and unrealized)	<u>6,767</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ (10,626)</u>	<u>\$ 110,000</u>

United Way of the Big Bend, Inc.

Notes to Financial Statements

7. Prior Period Adjustment

UWBB had not recorded accruals for salaries and employee leave time earned but not paid prior to June 30, 2009. In addition, depreciation was not recorded against an asset capitalized in the fiscal year 2008 and a stock donation was erroneously recognized twice in 2008 revenues. Effective July 1, 2008, prior period adjustments were recorded to reflect these errors. The effects of the adjustments was to reduce unrestricted net assets at July 1, 2008, by \$56,081 and to simultaneously increase accrued expenses and accumulated depreciation at July 1, 2008 by \$28,605 and \$7,074, respectively, and decrease pledges receivable by \$20,402.

8. Government Agency Campaigns

Employee campaigns for certain governmental agencies are subject to specific regulations issued by the agency.

UWBB conducts three such campaigns each year. These are the Florida State Employees' Charitable Campaign (FSECC), the Combined Federal Campaign (CFC), and the Leon County Schools Combined Charities Drive (LCS).

Each of these campaigns allows donors to designate contributions to specific approved agencies listed in the current year campaign brochure, or to make undesignated contributions for the LCS. Designated contributions are paid to the specific agencies quarterly. Payment is based on the pledge amount less an allowance for uncollectibles and an appropriate agreed upon administrative fee. Undesignated contributions go to UWBB's Community Care Fund to be distributed as approved by Community Human Service Partnership volunteers.

For the CFC and FSECC, designated contributions are paid to the specific agencies quarterly. Undesignated contributions are distributed proportionately to all agencies that receive designations. Payment is based on actual receipts less actual expenses.

9. Employees Pension Plan

Full-time permanent employees may participate in a Simplified Employee Pension Plan (the Plan) after being employed for one year. UWBB contributes an amount equal to 9% of an eligible employee's gross wages. UWBB has elected not to contribute to the Plan for the current fiscal year.

UWBB entered into an agreement with the president to contribute money into a non-qualified deferred compensation arrangement. This was done to provide additional future compensation so that he may be retained and his productive efforts encouraged. The compensation paid is equal to 15% of the president's total compensation less 9% of his base salary for the same period. The contribution for the year ended June 30, 2010, was \$11,287.

United Way of the Big Bend, Inc.

Notes to Financial Statements

10. Subsequent Event

UWBB borrowed funds under an existing line of credit subsequent to June 30, 2010. Under the terms of the line of credit, UWBB can borrow up to \$350,000. On August 12, 2010, UWBB borrowed \$175,000 on the line of credit and an additional \$175,000 was drawn on September 14, 2010. UWBB repaid \$200,000 on November 1, 2010, leaving a remaining outstanding balance of \$150,000. The interest rate on the line of credit is 5%.