

JACKSON COUNTY UNITED WAY, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

JACKSON COUNTY UNITED WAY, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Jackson County United Way, Inc.
Seymour, Indiana

We have audited the accompanying statements of financial position of the Jackson County United Way, Inc., (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 audits 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 Organization as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements; and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blue & Co., LLC

June 24, 2010

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash	\$ 194,263	\$ 304,712
Certificates of deposit	537,010	442,691
Pledges receivable, net	479,376	416,595
Prepaid expenses	2,185	2,174
Office furniture and equipment, net	<u>2,397</u>	<u>8,620</u>
	<u>\$ 1,215,231</u>	<u>\$ 1,174,792</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 5,275	\$ 3,826
Designations payable	11,372	10,529
Grants payable	-0-	6,862
Deferred revenue	<u>70,170</u>	<u>57,824</u>
Total liabilities	86,817	79,041

Net assets

Unrestricted		
Board designated reserve	158,750	158,750
Undesignated	<u>318,322</u>	<u>270,777</u>
Total unrestricted net assets	477,072	429,527
Temporarily restricted	<u>651,342</u>	<u>666,224</u>
Total net assets	<u>1,128,414</u>	<u>1,095,751</u>
	<u>\$ 1,215,231</u>	<u>\$ 1,174,792</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenues				
Gross campaign results	\$ 227,315	\$ 712,714	\$ 940,029	\$ 783,946
Less donor designations	-0-	11,372	11,372	10,529
Less provision for uncollectible accounts	13,844	50,000	63,844	70,700
Net campaign results	213,471	651,342	864,813	702,717
4Community grant	88,618	-0-	88,618	18,738
Interest	21,001	-0-	21,001	26,010
Day of Caring	5,200	-0-	5,200	2,800
Flood relief	227,935	-0-	227,935	63,342
Miscellaneous	3,983	-0-	3,983	-0-
Net assets released from time restrictions	666,224	(666,224)	-0-	-0-
Total support and revenues	1,226,432	(14,882)	1,211,550	813,607
Expenses				
Program services	1,012,963	-0-	1,012,963	188,415
Management and general	98,054	-0-	98,054	88,753
Fundraising	67,870	-0-	67,870	65,250
Total expenses	1,178,887	-0-	1,178,887	342,418
Change in net assets	47,545	(14,882)	32,663	471,189
Net assets, beginning of year	429,527	666,224	1,095,751	624,562
Net assets, end of year	\$ 477,072	\$ 651,342	\$ 1,128,414	\$ 1,095,751

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Gross campaign results	\$ 57,193	\$ 726,753	\$ 783,946
Less donor designations	-0-	10,529	10,529
Less provision for uncollectible accounts	20,700	50,000	70,700
Net campaign results	36,493	666,224	702,717
4Community grant	18,738	-0-	18,738
Interest	26,010	-0-	26,010
Day of Caring	2,800	-0-	2,800
Flood relief	63,342	-0-	63,342
Net assets released from time restrictions	882,870	(882,870)	-0-
Total support and revenues	1,030,253	(216,646)	813,607
Expenses			
Program services	188,415	-0-	188,415
Management and general	88,753	-0-	88,753
Fundraising	65,250	-0-	65,250
Total expenses	342,418	-0-	342,418
Change in net assets	687,835	(216,646)	471,189
Net assets, beginning of year	(258,308)	882,870	624,562
Net assets, end of year	\$ 429,527	\$ 666,224	\$ 1,095,751

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating activities		
Change in net assets	\$ 32,663	\$ 471,189
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	6,223	7,935
Provision for uncollectible accounts	(63,844)	(70,700)
Changes in assets and liabilities:		
Pledges receivable	1,063	298,544
Prepaid expenses	(11)	20
Accounts payable	1,449	(15,450)
Designations payable	843	(8,663)
Grants payable	(6,862)	(624,220)
Deferred revenue	12,346	57,824
Net cash flows from operating activities	<u>(16,130)</u>	<u>116,479</u>
Investing activities		
Purchase of equipment	-0-	(1,776)
Net change in certificates of deposit	<u>(94,319)</u>	<u>10,183</u>
Net cash flows from investing activities	<u>(94,319)</u>	<u>8,407</u>
Net change in cash	(110,449)	124,886
Cash, beginning of year	<u>304,712</u>	<u>179,826</u>
Cash, end of year	<u>\$ 194,263</u>	<u>\$ 304,712</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Jackson County United Way, Inc. (the "Organization") was formed in 1962 to continually assess the needs of the people of Jackson County and improve their quality of life by raising and allocating funds for human care and developmental programs. Substantially all support is received from various individuals and businesses in Jackson County and surrounding areas.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Also included in unrestricted net assets are amounts designated by the Organization's board of directors.

Temporarily restricted net assets – Net assets that have donor-imposed restrictions relating to a stipulated purpose or a specified time. 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.

Certificates of Deposit

Certificates of deposit consist of multiple certificates from various financial institutions with maturity dates from 2010 to 2012 and interest rates ranging from 0.75 percent to 3.99 percent.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and contributions received and committed for subsequent years from the annual fund drive held late in the calendar year are recorded as temporarily restricted net assets. These amounts are reflected as net assets released from restrictions during the program year for which the funds were designated.

The Organization uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables are considered uncollectible if (1) over two years outstanding or (2) management has reasons to believe specified amounts will not be collected, usually based on confirmation from donors.

Office Furniture and Equipment

Office furniture and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Office furniture and equipment of the Organization are being depreciated over their estimated useful lives ranging from three to five years using the straight-line method.

Support, Revenues and Expense Recognition

Contributions are recognized as support in the period the promise is made.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

The Organization recognizes grant revenue in the period the related expenses are incurred.

All other revenues are recorded when earned.

Functional Allocation of Expenses

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

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is June 24, 2010.

2. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
2007 Campaign due during the year ended December 31, 2008	\$ -0-	\$ 97,987
2008 Campaign due during the year ended December 31, 2009	94,529	431,928
2009 Campaign due during the year ended December 31, 2010	<u>498,167</u>	<u>-0-</u>
Totals	592,696	529,915
Less allowance for uncollectible pledges	<u>113,320</u>	<u>113,320</u>
	<u>\$ 479,376</u>	<u>\$ 416,595</u>

The campaign conducted during the fall of 2008 with pledges due in 2009 is referred to as the 2008 campaign, and the campaign conducted during the fall of 2009 with pledges due in 2010 is referred to as the 2009 campaign.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

3. OFFICE FURNITURE AND EQUIPMENT

A summary of office furniture and equipment at December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Office furniture and equipment	\$ 42,039	\$ 42,039
Less accumulated depreciation	<u>39,642</u>	<u>33,419</u>
	<u>\$ 2,397</u>	<u>\$ 8,620</u>

4. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets consist of contributions from the annual fund drive at December 31, 2009 and 2008 restricted to the following year totaling \$651,342 and \$666,224, respectively.

Temporarily restricted net assets released from time restrictions during the years ended December 31, 2009 and 2008 totaled \$666,224 and \$882,870, respectively.

5. BOARD DESIGNATED RESERVE

The Organization maintains a reserve in an amount approximately equal to 25 percent of the amount due to or anticipated to be paid to agencies in the subsequent year in order to preserve funds for payout to agencies in times of financial distress.

6. OPERATING LEASES

The Organization leases office space under a three-year agreement. Monthly payments include rent and utilities and total \$21,900 and \$18,400 for the years ended December 31, 2009 and 2008, respectively. There are no future minimum lease payments related to this lease as the last payment was made in December 2009.

In 2010, the Organization entered into a six year lease agreement for office space. Monthly payments include rent and utilities and total \$21,900 annually through 2015.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

7. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Jackson County, Indiana. Although the Organization is directly affected by the well-being of the economy of Jackson County, management does not believe significant credit risk exists at December 31, 2009.

The Organization maintains its cash and certificates of deposit in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and certificates of deposit.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY UNITED WAY, INC.

SCHEDULES OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009				2008 Total
	Program Services	Management and General	Fundraising	Total	
Agency allocations - 2009	\$ 633,073	\$ -0-	\$ -0-	\$ 633,073	\$ -0-
Impact grants	34,139	-0-	-0-	34,139	38,918
Flood relief	172,548	-0-	-0-	172,548	63,463
Salaries	38,012	35,709	41,468	115,189	111,809
Payroll taxes	3,195	3,001	3,486	9,682	7,651
Professional fees	972	4,863	3,890	9,725	10,800
4Community expenses	118,529	-0-	-0-	118,529	28,268
Occupancy	4,380	8,760	8,760	21,900	18,400
Utilities	-0-	-0-	-0-	-0-	2,809
Insurance	1,051	9,462	-0-	10,513	5,312
NAUW fee	910	8,101	91	9,102	9,174
Dues and subscriptions	418	3,713	42	4,173	4,527
Campaign supplies	-0-	7,004	-0-	7,004	4,787
Accounting services	1,518	3,038	1,519	6,075	6,000
Employee benefits	-0-	3,555	-0-	3,555	-0-
Day of Caring	-0-	-0-	3,278	3,278	2,489
Grant writer expense	2,927	-0-	-0-	2,927	7,902
Repairs and maintenance	217	715	1,235	2,167	2,987
Telephone	391	780	780	1,951	2,236
Supplies	163	1,061	408	1,632	1,351
Postage	135	675	540	1,350	2,211
Bank charges	112	229	797	1,138	1,083
Conferences and meetings	81	244	487	812	(432)
Recognition dinner	-0-	-0-	790	790	906
Miscellaneous	84	168	84	336	1,065
Mileage reimbursement	108	753	215	1,076	533
Special events	-0-	-0-	-0-	-0-	234
Depreciation	-0-	6,223	-0-	6,223	7,935
	<u>\$ 1,012,963</u>	<u>\$ 98,054</u>	<u>\$ 67,870</u>	<u>\$ 1,178,887</u>	<u>\$ 342,418</u>

See report of independent auditors on page 1.

JACKSON COUNTY UNITED WAY, INC.

SCHEDULES OF ALLOCATIONS TO AGENCIES YEARS ENDED DECEMBER 31, 2009 AND 2008

Agency	2009		2008
	Allocations	Impact Grants	Impact Grants
American Red Cross	\$ 98,168	\$ 1,426	\$ -0-
Boy Scouts of America	18,390	-0-	-0-
Girl Scouts of America	21,165	-0-	-0-
Mental Health Association	14,464	2,013	1,847
ARC	16,983	-0-	-0-
Salvation Army	5,813	-0-	-0-
Boys & Girls Club	127,350	9,900	8,800
Girls, Inc.	146,343	12,000	12,000
Meals on Wheels	1,248	-0-	-0-
Brownstown Senior Citizens	2,499	-0-	-0-
Medora Senior Citizens	1,788	-0-	-0-
Big Brothers Big Sisters	62,590	3,800	3,800
Crothersville Senior Citizens	3,666	-0-	-0-
Head Start	6,707	-0-	-0-
Turning Point	28,137	-0-	-0-
Read Jackson County	27,301	-0-	-0-
Literacy Coalition	-0-	-0-	1,362
Seymour Senior Citizens	2,684	-0-	-0-
Child Care Network	17,944	5,000	10,500
Anchor House	28,492	-0-	609
Freetown Senior Citizens	1,341	-0-	-0-
	<u>\$ 633,073</u>	<u>\$ 34,139</u>	<u>\$ 38,918</u>

See report of independent auditors on page 1.