

JACKSON COUNTY UNITED WAY, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010 AND 2009

JACKSON COUNTY UNITED WAY, INC.

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FORTY YEARS & COUNTING

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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, 2010 and 2009, 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, 2010 and 2009, 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 conducted for the purpose of forming an opinion on the financial statements 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 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 audits 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.

Blue & Co., LLC

May 19, 2011

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
Cash	\$ 206,093	\$ 194,263
Certificates of deposit	542,178	537,010
Pledges receivable, net	347,698	479,376
Prepaid expenses	2,185	2,185
Office furniture and equipment, net	3,802	2,397
	<u>\$ 1,101,956</u>	<u>\$ 1,215,231</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 10,391	\$ 5,275
Designations payable	4,767	11,372
Deferred revenue	53,442	70,170
Total liabilities	68,600	86,817

Net assets

Unrestricted		
Board designated reserve	158,750	158,750
Undesignated	183,268	318,322
Total unrestricted net assets	342,018	477,072
Temporarily restricted	691,338	651,342
Total net assets	1,033,356	1,128,414
	<u>\$ 1,101,956</u>	<u>\$ 1,215,231</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2010 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	2010			2009 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenues				
Gross campaign results	\$ 94,443	\$ 736,105	\$ 830,548	\$ 940,029
Less donor designations	-0-	4,767	4,767	11,372
Less provision for uncollectible accounts	20,823	40,000	60,823	63,844
Net campaign results	73,620	691,338	764,958	864,813
Grant revenue	73,376	-0-	73,376	88,618
In-kind services	9,070	-0-	9,070	-0-
Interest	10,399	-0-	10,399	21,001
Day of Caring	1,850	-0-	1,850	5,200
Flood relief	-0-	-0-	-0-	227,935
Miscellaneous	5,639	-0-	5,639	3,983
Net assets released from time restrictions	651,342	(651,342)	-0-	-0-
Total support and revenues	825,296	39,996	865,292	1,211,550
Expenses				
Program services	762,808	-0-	762,808	1,012,963
Management and general	109,308	-0-	109,308	98,054
Fundraising	88,234	-0-	88,234	67,870
Total expenses	960,350	-0-	960,350	1,178,887
Change in net assets	(135,054)	39,996	(95,058)	32,663
Net assets, beginning of year	477,072	651,342	1,128,414	1,095,751
Net assets, end of year	\$ 342,018	\$ 691,338	\$ 1,033,356	\$ 1,128,414

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Gross campaign results	\$ 227,315	\$ 712,714	\$ 940,029
Less donor designations	-0-	11,372	11,372
Less provision for uncollectible accounts	<u>13,844</u>	<u>50,000</u>	<u>63,844</u>
Net campaign results	213,471	651,342	864,813
Grant revenue	88,618	-0-	88,618
Interest	21,001	-0-	21,001
Day of Caring	5,200	-0-	5,200
Flood relief	227,935	-0-	227,935
Miscellaneous	3,983	-0-	3,983
Net assets released from time restrictions	<u>666,224</u>	<u>(666,224)</u>	<u>-0-</u>
Total support and revenues	1,226,432	(14,882)	1,211,550
Expenses			
Program services	1,012,963	-0-	1,012,963
Management and general	98,054	-0-	98,054
Fundraising	<u>67,870</u>	<u>-0-</u>	<u>67,870</u>
Total expenses	<u>1,178,887</u>	<u>-0-</u>	<u>1,178,887</u>
Change in net assets	47,545	(14,882)	32,663
Net assets, beginning of year	<u>429,527</u>	<u>666,224</u>	<u>1,095,751</u>
Net assets, end of year	<u>\$ 477,072</u>	<u>\$ 651,342</u>	<u>\$ 1,128,414</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	<hr/>	<hr/>
Operating activities		
Change in net assets	\$ (95,058)	\$ 32,663
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,590	6,223
Provision for uncollectible accounts	(60,823)	(63,844)
Changes in assets and liabilities:		
Pledges receivable	192,501	1,063
Prepaid expenses	-0-	(11)
Accounts payable	5,116	1,449
Designations payable	(6,605)	843
Grants payable	-0-	(6,862)
Deferred revenue	(16,728)	12,346
Net cash flows from operating activities	<hr/> 19,993	<hr/> (16,130)
Investing activities		
Purchase of equipment	(2,995)	-0-
Net change in certificates of deposit	(5,168)	(94,319)
Net cash flows from investing activities	<hr/> (8,163)	<hr/> (94,319)
Net change in cash	11,830	(110,449)
Cash, beginning of year	<hr/> 194,263	<hr/> 304,712
Cash, end of year	<hr/> <u>\$ 206,093</u>	<hr/> <u>\$ 194,263</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

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 2011 to 2014 and interest rates ranging from 0.40 percent to 3.42 percent.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

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.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For the years ended December 31, 2010 and 2009, revenue recognized as in-kind contributions and contributed services totaled \$9,070 and \$0, respectively.

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. While the methods of allocation are considered appropriate, other methods could produce different results.

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 May 19, 2011.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

2. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
2008 Campaign due during the year ended December 31, 2009	\$ -0-	\$ 94,529
2009 Campaign due during the year ended December 31, 2010	85,305	498,167
2010 Campaign due during the year ended December 31, 2011	<u>375,713</u>	<u>-0-</u>
Totals	461,018	592,696
Less allowance for uncollectible pledges	<u>113,320</u>	<u>113,320</u>
	<u>\$ 347,698</u>	<u>\$ 479,376</u>

The campaign conducted during the fall of 2009 with pledges due in 2010 is referred to as the 2009 campaign, and the campaign conducted during the fall of 2010 with pledges due in 2011 is referred to as the 2010 campaign.

3. OFFICE FURNITURE AND EQUIPMENT

A summary of office furniture and equipment at December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Office furniture and equipment	\$ 45,034	\$ 42,039
Less accumulated depreciation	<u>41,232</u>	<u>39,642</u>
	<u>\$ 3,802</u>	<u>\$ 2,397</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, 2010 and 2009 restricted to the following year totaling \$691,338 and \$651,342, respectively.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

Temporarily restricted net assets released from time restrictions during the years ended December 31, 2010 and 2009 totaled \$651,342 and \$666,224, 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 six year lease agreement through 2015. Monthly payments include rent and utilities and totaled \$21,900 for the years ended December 31, 2010 and 2009. The future minimum lease payments at December 31, 2010 are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 19,200
2012	21,900
2013	21,900
2014	21,900
2015	<u>21,900</u>
	<u>\$ 106,800</u>

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, 2010.

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, 2010 AND 2009

	2010			2009 Total	
	Program Services	Management and General	Fundraising		Total
Agency allocations	\$ 605,591	\$ -0-	\$ -0-	\$ 605,591	\$ 633,073
Impact grants	32,062	-0-	-0-	32,062	34,139
Flood relief	-0-	-0-	-0-	-0-	172,548
Salaries	52,288	49,119	57,041	158,448	115,189
Payroll taxes	4,000	3,757	4,364	12,121	9,682
Professional fees	1,023	5,112	4,090	10,225	9,725
4 Community grant	27,371	-0-	-0-	27,371	118,529
Occupancy	4,380	8,760	8,760	21,900	21,900
In-kind expense	907	2,993	5,170	9,070	-0-
1010 grant	25,482	-0-	-0-	25,482	-0-
VITA grant	4,656	-0-	-0-	4,656	-0-
Insurance	728	6,553	-0-	7,281	10,513
NAUW fee	842	7,494	84	8,420	9,102
Dues and subscriptions	431	3,835	43	4,309	4,173
Campaign supplies	-0-	7,069	-0-	7,069	7,004
Accounting services	1,576	3,153	1,576	6,305	6,075
Employee benefits	-0-	3,752	-0-	3,752	3,555
Day of Caring	-0-	-0-	2,423	2,423	3,278
Grant writer expense	-0-	-0-	-0-	-0-	2,927
Repairs and maintenance	125	412	712	1,249	2,167
Telephone	377	752	753	1,882	1,951
Supplies	379	2,463	947	3,789	1,632
Postage	205	1,023	819	2,047	1,350
Bank charges	100	203	707	1,010	1,138
Conferences and meetings	67	199	400	666	812
Recognition dinner	-0-	-0-	-0-	-0-	790
Miscellaneous	91	181	91	363	336
Mileage reimbursement	127	888	254	1,269	1,076
Depreciation	-0-	1,590	-0-	1,590	6,223
	<u>\$ 762,808</u>	<u>\$ 109,308</u>	<u>\$ 88,234</u>	<u>\$ 960,350</u>	<u>\$ 1,178,887</u>

See report of independent auditors on page 1.

JACKSON COUNTY UNITED WAY, INC.

SCHEDULES OF ALLOCATIONS TO AGENCIES YEARS ENDED DECEMBER 31, 2010 AND 2009

Agency	2010		2009	
	Allocations	Impact Grants	Allocations	Impact Grants
American Red Cross	\$ 93,260	\$ -0-	\$ 98,168	\$ 1,426
Hoosier Trails Boy Scouts	17,470	-0-	18,390	-0-
Kentuckiana Girl Scouts	20,107	6,662	21,165	-0-
Mental Health America	13,741	-0-	14,464	2,013
ARC	16,134	-0-	16,983	-0-
Salvation Army	5,522	-0-	5,813	-0-
Boys & Girls Club	120,982	-0-	127,350	9,900
Girls, Inc.	143,196	17,500	146,343	12,000
Meals on Wheels	1,186	-0-	1,248	-0-
Brownstown Senior Citizens	2,374	-0-	2,499	-0-
Medora Senior Citizens	1,699	-0-	1,788	-0-
Big Brothers Big Sisters	59,461	4,800	62,590	3,800
Crothersville Senior Citizens	3,483	-0-	3,666	-0-
Head Start	6,372	-0-	6,707	-0-
Turning Point	26,730	-0-	28,137	-0-
Read Jackson County	25,936	-0-	27,301	-0-
Seymour Senior Citizens	2,550	-0-	2,684	-0-
Child Care Network	17,047	3,100	17,944	5,000
Anchor House	27,067	-0-	28,492	-0-
Freetown Senior Citizens	1,274	-0-	1,341	-0-
	<u>\$ 605,591</u>	<u>\$ 32,062</u>	<u>\$ 633,073</u>	<u>\$ 34,139</u>

See report of independent auditors on page 1.