

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements

The Year Ended August 31, 2010

*Altman, Rogers
& Co.* | CERTIFIED
PUBLIC
ACCOUNTANTS

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements

The Year Ended August 31, 2010

UNITED WAY OF SOUTHEAST ALASKA

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Independent Auditors' Report

Members of the Board of Directors
United Way of Southeast Alaska

Ladies and Gentlemen:

We have audited the accompanying statement of financial position of United Way of Southeast Alaska as of August 31, 2010 and the related statement of activities, functional expenses and cash flows for the twelve months then ended. These financial statements are the responsibility of United Way of Southeast Alaska's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeast Alaska's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided 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 United Way of Southeast Alaska, as of August 31, 2010 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.

Altman, Rogers & Co.

March 1, 2011

UNITED WAY OF SOUTHEAST ALASKA

Statement of Financial Position

Year Ended August 31, 2010

Assets:	
Cash and cash equivalents	\$ 239,362
Investments	30,178
Pledges receivable	151,193
Other receivable	2,680
Equipment, net of accumulated depreciation of \$23,676	4,124
Total assets	<u>\$ 427,537</u>
Liabilities:	
Accounts payable	9,595
Agency allocation payable	94,471
Accrued payroll	14,491
Deferred grant revenue	20,600
Total liabilities	<u>139,157</u>
Net assets:	
Unrestricted:	
Designated for:	
Property and equipment	4,124
Community impact	71,302
Undesignated	212,954
Total net assets	<u>288,380</u>
Total liabilities and net assets	<u>\$ 427,537</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Activities

Year Ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
SHARE campaign	\$ 35,701	-	35,701
Private campaign	208,308	-	208,308
Combined Federal campaign	7,045	-	7,045
Collections of prior year campaign contributions greater (less) than amount anticipated	15,987	-	15,987
Grant revenue	-	74,464	74,464
Net assets released from restriction	74,464	(74,464)	-
In-kind contributions	31,469	-	31,469
Program tuition	2,045	-	2,045
Interest income	591	-	591
Realized gains and losses	2,721	-	2,721
Miscellaneous income	9,682	-	9,682
Total revenues and support	<u>388,013</u>	<u>-</u>	<u>388,013</u>
Expenses:			
Program services:			
Fund distributions	44,616	-	44,616
Leadership project	3,917	-	3,917
COMPASS	31,576	-	31,576
Community impact	125,939	-	125,939
Total program services	<u>206,048</u>	<u>-</u>	<u>206,048</u>
Supporting services:			
Management and general	67,734	-	67,734
Fundraising	29,656	-	29,656
Total supporting services	<u>97,390</u>	<u>-</u>	<u>97,390</u>
Total expenses	<u>303,438</u>	<u>-</u>	<u>303,438</u>
Change in net assets	<u>84,575</u>	<u>-</u>	<u>84,575</u>
Net assets at beginning of year,	<u>203,805</u>	<u>-</u>	<u>203,805</u>
Net assets at end of year	<u>\$ 288,380</u>	<u>-</u>	<u>288,380</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statement of Functional Expenses

Year Ended August 31, 2010

	2010						Total Program and Supporting Services
	Program Services			Supporting Services			
	Fund Distributions	Leadership	COMPASS	Community Impact	Management and General	Fund Raising	Total
Expenses:							
Salaries and benefits	\$ 12,533	-	4,417	46,033	32,894	12,532	108,409
Payroll taxes	914	-	294	3,426	2,470	913	8,017
Grants to agencies	-	-	-	24,000	-	-	24,000
Direct expense	-	846	-	2,010	-	-	2,921
Day of Caring project	-	-	-	242	-	-	242
Professional fees	7,958	3,000	5,875	16,557	10,236	5,394	49,020
Office rent	2,678	-	623	11,864	7,011	2,677	24,853
Telephone and internet	376	-	104	1,362	989	376	3,207
Office supplies	283	-	53	1,462	960	283	3,041
Mileage	6	-	-	9	16	6	37
Printing	156	-	44	444	123	157	924
Postage	198	-	47	583	450	198	1,476
Advertising	921	-	43	2,494	886	921	5,265
Research & assessment	-	-	20,000	199	-	-	20,199
Dues and subscriptions	77	-	-	870	247	77	1,271
UWA dues	-	-	-	-	2,766	-	2,766
Community relations	27	-	-	285	121	27	460
Fees and licenses	355	-	-	357	703	355	1,770
Insurance	91	-	76	721	172	91	1,151
Events & Meetings	-	-	-	5,175	3,931	3,708	12,814
Training & development	75	71	-	324	188	74	732
SHARE admin expense	16,102	-	-	-	-	-	16,102
Technology Plan Implementation	1,541	-	-	6,448	1,986	1,542	11,517
Technology Operations	325	-	-	1,074	951	325	2,675
Depreciation	-	-	-	-	569	-	569
Total expenses	\$ 44,616	3,917	31,576	125,939	67,734	29,656	303,438

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statement of Cash Flows

Year Ended August 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 84,575
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:	
Depreciation	569
Net realized gains	(2,721)
(Increase) decrease in:	
Pledge receivables	(9,090)
Other receivables	42,139
Prepaid expenses	64
(Increase) decrease in:	
Accounts payable	7,630
Agency allocation payable	(14,126)
Accrued payroll	2,340
Deferred revenue	15,600
Net cash provided by operating activities	<u>126,980</u>
Cash flows from investing activities:	
Additions to fixed assets	(3,563)
Purchase of investment	(30,178)
Sales of investment	29,645
Net cash provided by (used for) investing activities	<u>(4,096)</u>
Increase in cash and cash equivalents	122,884
Cash and cash equivalents at beginning of year	<u>116,478</u>
Cash and cash equivalents at end of year	\$ <u><u>239,362</u></u>
Supplemental disclosures:	
Noncash transactions:	
In-kind contributions	\$ <u><u>31,469</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Organization and Purpose

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through three different fundraising campaigns: the private campaign, SHARE (State of Alaska) Campaign, and the Combined Federal Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives, and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

B. Basis of Accounting

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Financial statement presentation follows generally accepted accounting principles. Per generally accepted accounting principles, UWSEAK is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent the portion of net assets of UWSEAK that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent assets of UWSEAK whose use is limited by the donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of UWSEAK. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

Permanently restricted net assets represent the part of the net assets from contributions and grants whose use by UWSEAK is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWSEAK.

D. Pledges Receivable

Pledges receivable consist of pledges made during the fall campaigns, net of amounts received during the campaign. No allowance for uncollectible pledges has been made as it is the opinion of management that uncollectible pledges are not material. All pledges receivable are unconditional promises to give and are expected to be received within one year. It is the policy of management to take losses on pledges in the year of occurrence.

E. Agency Allocations Payable

Agency allocations are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions. SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Allocations payable consist of current year end amounts due from the Fall 2009 campaign pledges.

F. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2010 advertising costs were \$5,265.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

H. Income Tax Status

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. United Way of Southeast Alaska's policy is to include penalties and interest associated with income taxes in income tax expense (if any). The Organization's 990 is open to audit from State or Federal taxing agencies. The tax years open for audit are 2007 to 2009.

I. Equipment

Purchased equipment and software are recorded at cost and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$500 are capitalized.

J. Budgets

Budgets are adopted for operations annually and are revised as necessary throughout the year.

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

L. Donated Goods and Services

Donated goods pledged during the Fall 2009 campaign are recorded as revenue in the accompanying statement of activity as in-kind gifts at estimated fair values. Donated services are recognized as contributions in accordance with generally accepted accounting principles, 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 the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under generally accepted accounting principles were not met.

M. Fair Value of Financial Instruments

UWSEAK must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable and (5) other current liabilities. The carrying amounts reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for UWSEAK's investments. The carrying amounts of UWSEAK's investments were determined based on quoted market prices.

II. CASH AND CASH EQUIVALENTS

The cash and cash equivalents at August 31, 2010 consist of the following:

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Petty cash	\$ 300	-
Credit card deposit account	16,410	16,410
Money market	149,302	149,302
Checking	73,350	88,153
	<u>\$ 239,362</u>	<u>253,865</u>

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2010 UWSEAK had no uninsured and uncollateralized deposits.

III. INVESTMENTS

UWSEAK has classified a certificate of deposit as an investment at year end. The fair market value of the CD at year end was \$30,178.

The fair value of an asset is the amount at which the **asset** could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

UWSEAK's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect The Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Given the narrow definition of Level 1 and The Company's investment asset strategy, all of The Company's investment assets are classified in Level 1. Changes in investments are run through the statement of activities as either interest income or realized gains or losses.

Investment earnings for the year ended August 31, 2010 consisted of the following:

Interest income	\$	533
Net realized gains and losses		<u>2,721</u>
Total	\$	<u>3,254</u>

IV. PLEDGES RECEIVABLE

The pledge receivable balance consist of pledges made during the Fall 2009 campaign, less any amounts received from those campaigns prior to August 31, 2010. The amounts due for each campaign are as follows:

Private Campaign	\$	67,697
SHARE Campaign		52,714
Combined Federal Campaign		<u>30,782</u>
Total	\$	<u>151,193</u>

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

V. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions as follows:

Rent	\$ 6,087
Events	6,542
Professional Services	<u>18,840</u>
	\$ <u>31,469</u>

VI. EQUIPMENT

Equipment at August 31, 2010 consisted of the following:

Office equipment	\$ 22,159
Penny machine	<u>5,641</u>
	27,800
Less: accumulated depreciation	<u>(23,676)</u>
	\$ <u>4,124</u>

Depreciation expense for the year ended August 31, 2010 was \$569.

VII. AGENCY ALLOCATION PAYABLE

The agency allocation payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution, of the previous fall pledges received. These previous fall campaign pledges are payable after August 31, 2010 . At August 31, 2010 the agency allocation payable balances are as follows:

Private Campaign	\$ 27,461
SHARE Campaign	41,575
CFC	<u>25,435</u>
Total agency	\$ <u>94,471</u>

VIII SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2011, the date which the financial statements were available for issue.