

**Mission Statement:** "To improve lives and strengthen communities in Southeast Alaska."

**United Way of Southeast Alaska  
Board of Directors Meeting**

**Thursday, February 21, 2013**

**5:15-7:00 PM**

**United Way of Southeast Alaska Conference Room**

**Teleconference: (800) 315-6338, Code: 5530**

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**2013 Community Impact Grant Presentations:**

4A's

Brave Heart Volunteers

Association for the Education of young Children

SERRC, The Learning Connection

Juneau, Alaska Music Matters

**I. CALL TO ORDER and INTRODUCTIONS** – Chair Mark Bryan

**II: APPROVAL OF AGENDA** – Corrections/Additions

**III: APPROVAL OF MINUTES** – Corrections/Additions –

December 20, 2012 Minutes

January 12, 2013 Minutes

**IV: PRESENTATIONS** –

**V: COMMITTEE REPORTS**

Finance Committee – December 2012 & January 2013 - Mesdag, Treasurer

Personnel Committee – Sheryl Weinberg

Campaign Committee –Rosemary Hagevig, Robbie Stell

**VI: STRATEGIC PLAN UPDATE** - Meeting set for March 15, 2013

**VII: OLD BUSINESS**

**VIII: NEW BUSINESS**

2012 Audit Report and Management Letter

Amendments to Fiscal Policies

Board meeting day and time

Small Project ideas and discussion

Board Service Discussion – What does serving on the United Way Board mean to me?

**IX: CHAIR REPORT** – Mark Bryan

**X; PRESIDENTS REPORT** – Wayne Stevens

**XI: BOARD MEMBER COMMENTS**

**XII: ADJOURNMENT**

**Next Meeting March 15, 2013**

**Vision Statement:** "United Way of Southeast Alaska addresses individual needs and improves lives by organizing the caring and collaborative power of our communities"

2012 Board Member Attendance																			%		
Board Term Ends	First Name	Last Name	1/28	2/16	3/15	4/19	5/17	5/31	6/21	7/12	7/19	8/16	9/8	9/20	10/5	10/18	11/20	12/20	Attend	X's	Total
Jan - 2014	Mary	Becker	X	E	E	X	X	X	X	X	X	X	X	X	X	X	X	X	88%	14	16
Jan - 2015	Mark	Bryan	X	X	X	X	X	X	X	X	X	X	X	E	X	X	X	X	94%	15	16
Jan - 2015	Karen	Crane	X	X	X	X	X	X	X	X	X	E	X	X	X	E	E	X	81%	13	16
Jan - 2014	Katherine	Eldemar	E	A	A	X	X	X	A	X	X	E	E	A	A	A	E	A	31%	5	16
Jan - 2015	Mitch	Falk	X	E	E	E	E												20%	1	5
Jan - 2014	Glenn	Gelbrich	E	E	X	X	E	E	X	A	X	E	A	A	A	E	E	E	25%	4	16
Jan - 2014	Chris	Gerondale	E	X	A	A	A	A	A	E	A	A	A	X	X	X	E	X	31%	5	16
Jun - 2013	Jessie	Grant	X	X	E	X													75%	3	4
Jan - 2014	Alberta	Jones												X	E	X	X	X	80%	4	5
Jan - 2014	Jaysen	Katasse																E	0%	0	1
Jan - 2013	Mark	Mesdag	E	E	X	X	E	E	X	E	E	X	A	X	E	X	X	X	50%	8	16
Jan - 2014	Joan	O'Keefe	X	X	X	X	X	X	X	E	X	X	X	X	E	X	X	X	88%	14	16
Jan - 2013	Corey	Pavitt	E	A	X	X	X	X	X	E	E	A	X	X	A	X	A	E	50%	8	16
Jan - 2015	Hagevig	Rosemary								X	E	X	X	X	X	X	X	X	89%	8	9
Jan - 2015	Bernie	Sorenson	X	X	A	X	A	A	X	X	E	E	X	A	X	A	A	A	44%	7	16
Jan - 2013	Robbie	Stell										X	X	E	X	X	X	E	71%	5	7
Jan - 2014	Lance	Stevens	X	X	E	X	X	X	E	E	X	E	X	X	E	E	E	X	56%	9	16
Jan - 2014	Garland	Walker	X	X	X	X	X	X	X	X	X	X	X	X					100%	12	12
Jan - 2013	Sheryl	Weinberg	X	E	X	X	X	X	E	E	X	X	E	X	X	X	X	X	75%	12	16
Jan - 2013	Adam	Wilkinson	X	X	X	X	X	X	X	X	E	E	E	E	E	E	X	E	56%	9	16
Total Board			16	16	16	16	15	14	14	15	15	16	16	17	16	16	16	17			
Attendance			11	9	9	14	10	10	10	8	9	8	10	11	8	10	9	10			
Average Percentage attending			69%	56%	56%	88%	67%	71%	71%	53%	60%	50%	63%	65%	50%	63%	56%	59%	62%		
	X = Attended																				
	T = Teleconferenced in																				
	E= Excused																				
	A=Absent																				

**United Way of Southeast Alaska  
Board of Directors Meeting**

**Thursday, December 20, 2012**

**5:15-6:55M**

**United Human Services Conference Room**

**Board Members in Attendance**

Board Members in Attendance					
X	Mary Becker – Chair	T	Alberta Jones		<b>Staff</b>
X	Mark Bryan – Chair Elect	E	Jaysen Katasse	X	Wayne Stevens
X	Chris Gerondale – Secretary	X	Joan O’Keefe	X	Jennifer Treadway
X	Mark Mesdag –Treasurer	E	Corey Pavitt		
E	Lance Stevens – Past Chair	A	Bernie Sorenson		<b>Guest(s):</b>
X	Karen Crane	E	Robbie Stell	X	Susan Jabal
A	Katherine Eldemar	X	Sheryl Weinberg (dept @6:30P)	X	Kevin Gadsey
E	Glenn Gelbrich	E	Adam Wilkinson	X	Toren Ulrikson
X	Rosemary Hagevig (dept @6:30P)				
Legend: X = present      E = excused absence      T = teleconference      A=absent					

**Call to Order and Introductions**

Chair Mary Becker called the meeting to order at 5:15 PM. Quorum established with nine board members present.

**Presentations: Susan Jabal, Juneau Family Health and Birth**

Susan, Executive Director of the Juneau Family Health and Birth Center, thanked United Way of Southeast Alaska for continuing to support of the Juneau Family Health and Birth Center. Jabal reported that funds provided by the 2012 Community Impact Grant allowed Juneau Family Health and Birth Center to offer three different community parenting classes: Parenting Your Infant, Parenting Your Toddler, and Single Parenting taught by Marcy Driver. Each class was two hours long with an hour for curriculum instruction and an hour for interactive activity for parents and their children. All classes were free to participants and included a light snack.

**Kevin Gadsey, SAIL, Ketchikan**

Kevin discussed SAIL’s Rural Community Outreach program. Outside of SAIL’s four main offices in Juneau, Sitka, Ketchikan, and Haines, SAIL staff members travel s to the following rural communities: Angoon, Hoonah, Kake, Prince of Wales Island, Metlakatla, Petersburg, and Wrangell to meet with people with disabilities and elders/seniors to provide information and resources to assist individuals in living independently. Kevin shared a brief story involving an elderly client and her positive experience/response to a pocket talker (hearing device) provided by SAIL.

**Toren Ulrikson, Big Brothers Big Sisters of Alaska, Juneau**

Toren briefly explained Big Brother Big Sisters (BBBS) and its four main programs: Community-Based, School-Based Mentors, Johnson Youth Center-Based, and Transitional Foster Youth (ages 16-21)-Based Mentoring. Children and youth aged 6-21 are eligible to participate in BBBS programs. Using 2012 Community Impact Grant funds, BBBS staff were able to match 7 youth with school-based mentors this fall with a goal to match an addition 20 youth with mentors this spring.

**Approval of Agenda**

Chair Becker asked for approval of the agenda.

**United Way of Southeast Alaska  
Board of Directors Meeting**

**Thursday, December 20, 2012**

**5:15-6:55M**

**United Human Services Conference Room**

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**Motion:** Board member Hagevig moved to approve the agenda as presented. Past Chair Stevens seconded. Motion approved unanimously.

**Approval of the Minutes from November 20, 2012 Board Meeting**

Chair Becker asked for approval of the minutes from the November 20, 2012 Board of Directors meeting

**Motion:** Board member Hagevig moved to approve the minutes from the November 20, 2012 Board of Directors meeting. Past Chair Stevens seconded. Motion approved unanimously.

**Committee Reports**

**Finance Committee – Mark Mesdag**

Treasurer Mesdag reviewed the November finance statements. He noted that the Finance Committee had met on Tuesday the 18<sup>th</sup> to review the finance statements. He noted that there was improved campaign activity through the end of November and that all expenses were well within range of the amounts budgeted. There were no items of concern.

**Motion:** Treasurer Mesdag moved to approve the November Finance Statement as presented. Chair Elect Bryan Seconded. Motion approved unanimously.

**Board Development Committee – Mark Bryan**

No report on Board Development activities.

**By-Law Review Committee – Adam Wilkinson**

No report from By-Law Review Committee

**Personal Committee – Chris Gerondale**

Chair Elect Bryan noted that the CEO evaluation form had been sent out and he asked those Board members who had not yet responded to please get their forms filled out and to please fill out the forms returned to him.

**Events Committee -**

No report

**Campaign Committee – Rosemary Hagevig, Robbie Stell**

Campaign Co-chair Hagevig reported on the status of the 2012 campaign efforts. She reported on the efforts of the board members who gathered to follow up with those invited to the kick-off event who did not attend. Resource Development Director Treadway reported on campaign activity noting that campaign income YTD is \$71,047.00 compared to 2011 YTD income of \$65,793.26. There is a lot of work to be done before the end of the campaign year to achieve our goal of \$500,000.

**Community Impact Committee – Katherine Eldemar**

In the absence of Committee Chair Eldemar there was no report.

**Health Committee – Corey Pavitt**

# United Way of Southeast Alaska Board of Directors Meeting

Thursday, December 20, 2012  
5:15-6:55M

United Human Services Conference Room

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In the absence of Committee Chair Pavitt there was no report.

## **Education – Karen Crane, Bernie Sorenson**

In the absence of Committee Co-Chairs Crane and Sorenson, no report was presented.

## **Income Stability Committee –**

## **Strategic Plan Update**

## **Old Business**

### **Annual Board meeting Update**

Resource Development Director Treadway gave a report on the annual meeting of the Board set for January 12 at the Baranof Hotel from 6:00-9:00 PM. Drinks will start at 6:00 PM with a short board meeting at 6:30 between drinks and dinner to vote in new officers and board members. The cost of dinner per person will be - \$35. Dinner will be plated (instead of buffet). Dinner choices include: Herb Roasted Chicken, Salmon Wellington, or Polenta Napoleon. Please RSVP to the 2013 Annual Board Dinner using the link provided by e-mail by close of business on January 8. Be sure to include the name of your guest as well as a meal choice for each individual.

## **New Business**

### **United Way 2012 Self Assessment training**

President Stevens introduced the board self assessment process to the board. One of our requirements to maintain our certification as a United Way is to conduct a self assessment every three years. Membership Requirement I states: Members shall conduct and submit to United Way Worldwide every three years a volunteer-led self-assessment of their community impact work, financial management, and organizational governance and decision making. United Ways may use any self assessment tool/process that covers the mandatory components of community impact, financial management and governance. The recommended approach is the Standards of Excellence Self-Assessment. More than 800 United Ways participated in the process. He then shared a DVD presentation on the process and what the assessment entailed. The hour-long presentation guides viewers through the United Way business and logic models, each of the five components that make up the Standards of Excellence and examples from local United Ways.

The Standards of Excellence provide a picture of excellence for the new United Way and cover everything from public policy to staff and volunteer leadership. The Standards provide a common framework, language and understanding of our aspirations. Regardless of our plans to become a Community Impact United Way, we must understand the direction of the system to make an informed decision on our United Way's direction. We will use these tools to engage staff and volunteers to develop a common understanding of the Standards. The assessment will lay a foundation for productive discussion on organizational strategic direction.

Board members will be sent a link to the survey in early February. They will have one week to complete the assessment. The assessment will help the board as we start to prepare for the 2013 strategic planning process.

**United Way of Southeast Alaska  
Board of Directors Meeting**

**Thursday, December 20, 2012**

**5:15-6:55M**

**United Human Services Conference Room**

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**Chair Report**

**President's Report**

He pointed out the attachments in the Board packet including his Presidents report.

**Board Member Comments**

**Adjournment**

Meeting adjourned at 6:55 PM.

**United Way of Southeast Alaska  
Board of Directors' Meeting**

<b>Date: January 12, 2013</b>	<b>Location: Baranof Hotel, Douglas Room</b>
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**Attendance Log**

<b>Board Members</b>				<b>Staff</b>	
X	Mary Becker – Chair	E	Jaysen Katasse	X	Wayne Stevens
X	Mark Bryan – Chair Elect	X	Joan O’Keefe		
X	Karen Crane -	X	Mark Mesdag-Treasurer		
E	Katherine Eldemar	X	Corey Pavitt		
A	Glenn Gelbrich	X	Bernie Sorenson		
X	Chris Gerondale - Secretary	X	Robbie Stell		
X	Rosemary Hagevig	X	Lance Stevens – Past Chair		
X	Alberta Jones	X	Sheryl Weinberg		<b>Guest(s)</b>
		E	Adam Wilkinson		spouses
Ledged: X = present      E = excused absence      T = teleconference					

- I. **Call to Order/Roll Call** – Chair Becker called the meeting to order at 6:40pm. A quorum was established.
- II. **Approval of Agenda** – No additions to agenda
  - Board Member Hagevig moved to approve the agenda as presented. Board Member Crane seconded motion. Motion passed unanimously
- III. **Committee Reports-**
  - a) Board Development Committee
- IV. **Old Business-None**
- V. **New Business**
  - a) Board Elections: Officers
    - 1. Chair-            Mark Bryan
    - 2. Chair elect-    Karen Crane
    - 3. Secretary-     Sheryl Weinberg
    - 4. Treasurer-     Mark Mesdag
    - 5. Past chair-     Mary Becker

Board Member Hagevig moved to accept the slate of officers as presented and asked that nominations be closed. Board Member Stell seconded motion. Motion passed unanimously.

**b) Introduction and re-election of Board Members for a three year term on the Board with a term expiring January 2016**

Robbie Stell Corey Pavitt Mark Mesdag

Board member Hagevig moved for the re-election of the Board Members as presented and asked that nominations be closed. Board Member O'Keefe seconded the Motion. Motion passed unanimously.

**c) Introduction and election of Board Members for a two year term on the Board with a term expiring January 2015:**

Sheryl Weinberg – Large Agency Representative

Board member Stell moved for the re-election of the Board Member as presented.

Board member Hagevig seconded the Motion. Motion passed unanimously.

**VI. Announcements and Board Comments**

None

**VII. Adjournment –**

Having no further business to conduct, Past Chair Becker adjourned the meeting at 6:55pm

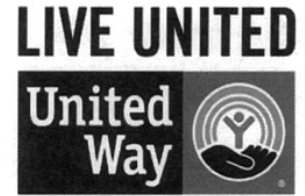
**Next meeting to be held February 21, 2013 at the United Way of Southeast Alaska Conference Room**



**United Way of Southeast Alaska**

3225 Hospital Drive, Suite 201  
Juneau, Alaska 99801  
tel 907.463.5530  
fax 907.463.4649

[unitedwayseak.org](http://unitedwayseak.org)



**MINUTES** of the Education

Committee Meeting

Date of meeting: 01/23/2013

Time: 11:00 am

Place: Heritage Coffee

Members Present (first & last name): Karen Crane, Bernie Sorenson, Mary Becker

Members absent (excused): N/A

Other persons present: N/A

Chairperson: N/A

**ITEMS DISCUSSED:**

- Purpose of meeting- to decide direction of this committee
- Purpose of committee, charter reviews & packets of information from Wayne
- Future directions
- Continue as is or start new projects?
- How might we combine with health committee?
- Growth of current program-getting more volunteers, evaluate programs

**DECISIONS MADE:**

1. Keep committee going with the project we are currently involved with. It seems it does not need 6 - 8 meetings but meetings as needed to help "grow" the project as needed, and regular reports on the project.
2. Talk with Mark regarding his idea about creating "energy" This can be done through a committee.
3. Before school year is out ,evaluate the program ( Early Literacy), either by end of quarter or by moving to another school.

**RECOMMENDATIONS:**

Adjourned at:



## FINANCIAL STATEMENT COMMENTS – 1-31-13

### KEY FINANCIAL INDICATORS:

Expenses for the year are 34% of budget, significantly below the year-to-date level of 41.67%. This is mainly due to timing of payments early in the fiscal year. Salaries expense is the largest expense line at this point in the year and is slightly below budget at 40%.

The Fall11 Private campaign collections are at 84.81% Fall12 Private campaign pledges are coming in with pledges at 1/31/13 of \$174,642.36

Liquidity (current assets divided by current liabilities) is slightly lower than August at 2.2.

January 31 cash balance is \$271,323 a decrease of \$6K from last month.

### PLEDGES COLLECTED – FALL 2011:

Pledges recorded YTD for the Fall 2011 campaign remained the same in January at \$242,799. We have collected over 84.81% of that amount. SHARE pledges for the 2011 campaign totaled \$97,462. The CFC campaign total was reported at \$48,425. Third quarter payments for CFC and SHARE were received in October & November. We are still waiting on the final payments from Share & CFC

### PLEDGES COLLECTED – FALL 2012:

The first of the pledges have been recorded for the Fall 2012 campaign, totaling \$174,642. We have collected \$57,798 of this amount. SHARE and CFC campaigns for Fall 2012 are ongoing and as yet unreported.

### FYTD CAMPAIGN COMPARISON:

This report compares the current YTD campaign activity to the prior YTD. At December, 2012, the Fall12 Private is ahead of the prior year.

### BUDGET TO ACTUAL 1/1/13

INCOME - Campaign revenues are \$56,816 posted based on pledge data through January 31.

Expenses are below budget.

At January month-end we have a loss of \$48,989. This is due to the fact that campaign revenue is still being brought in and has not fully offset operational costs, as well as the timing of how revenue is recognized. This should turn around as campaign revenue starts to come in and as additional deferred revenue is released into revenue.

### COMPARATIVE BALANCE SHEET:

ASSETS - Total cash and equivalents decrease in January by \$6K. Receivables now show \$36,887 due from the Fall11 campaign and \$116,844 from the Fall12 campaign.

LIABILITIES & EQUITY – Liabilities increased by \$44K from last month. This is because the increase in deferred revenue being recorded due to the campaign.

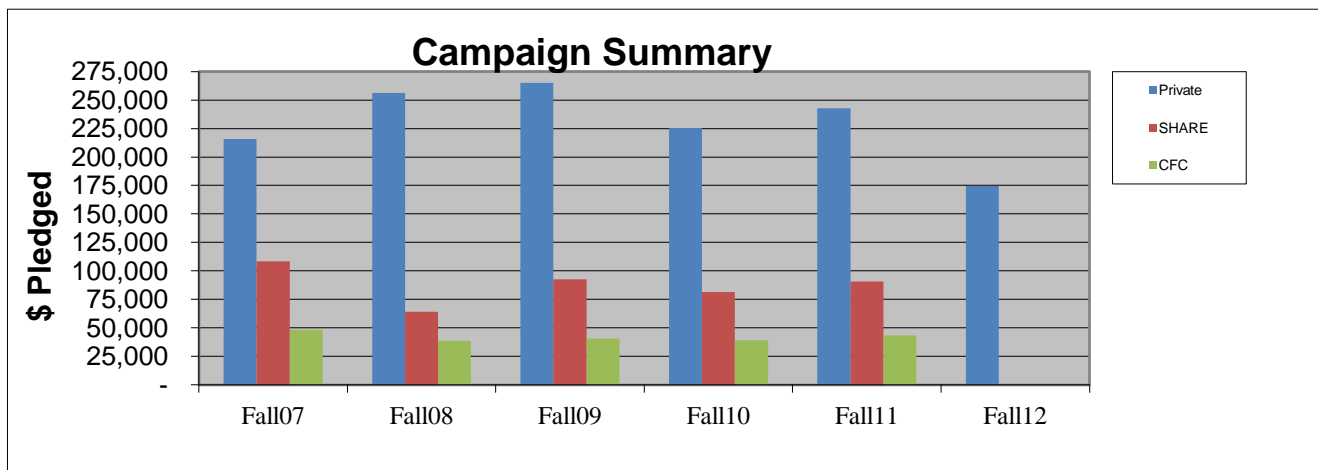
**United Way of Southeast Alaska  
Financial Summary  
Fiscal YTD January 2013**

	Year to Date Actuals	Pro-Rated Budget	Variance
<b>Revenues</b>			
<b>Fall 12 Campaigns</b>			
Private Cpgn to UW	41,901	19,717	22,184
Community Impact Revenue	5,942	2,429	3,513
SHARE Cpgn to UW	-	1,667	(1,667)
CFC to UW	-	458	(458)
15% from private cpgn	8,973	1,242	7,731
<b>Subtotal Campaign</b>	<b>56,816</b>	<b>25,513</b>	<b>31,303</b>
<b>Non-Campaign Income</b>	<b>14,946</b>	<b>5,215</b>	<b>9,731</b>
<b>Total Revenues</b>	<b>71,761</b>	<b>30,727</b>	<b>41,034</b>
<b>Expenses</b>			
<b>Human Resources</b>			
Salaries	58,574	11,383	(47,191)
Related Expenses	6,946	2,165	(4,781)
<b>Travel &amp; Training</b>	<b>2,999</b>	<b>792</b>	<b>(2,207)</b>
<b>Community Impact</b>	<b>1,193</b>	<b>3,583</b>	<b>2,390</b>
<b>Administrative</b>	<b>50,596</b>	<b>11,818</b>	<b>(38,778)</b>
<b>Equipment</b>	<b>443</b>	<b>91.67</b>	<b>(352)</b>
<b>Total Expenses</b>	<b>120,750</b>	<b>29,832</b>	<b>(90,919)</b>
<b>Net Income (Loss)</b>	<b>(48,989)</b>	<b>895</b>	<b>(49,884)</b>

**Assets, Liabilities & Equity**

<b>Assets</b>			
Cash	271,323		
Accounts Receivable	191,181		
Other	10,280		
<b>Total Assets</b>	<b>472,784</b>		
<b>Liabilities &amp; Equity</b>			
Agency Allocations Payable	98,265		
Other	115,757		
Equity	258,762		
<b>Total Liabilities &amp; Equity</b>	<b>472,784</b>		

<b>Liquidity</b>	
<b>Jan-13</b>	<b>2.20</b>
<b>Dec-12</b>	<b>2.58</b>
<b>Nov-12</b>	<b>2.84</b>



**Campaign Collections**

	Private	SHARE	CFC	TOTAL
<b>Fall 12</b>				
<b>Total Campaign Pledges</b>	<b>174,642</b>	-	-	<b>174,642</b>
Designated to UW	-	-	-	-
Designated to Agencies	174,642	-	-	174,642
Total Collections to date	57,798	-	-	57,798
% Collected	33%	#DIV/0!	#DIV/0!	33%
<b>Fall 11</b>				
<b>Total Campaign Pledges</b>	<b>242,799</b>	<b>90,944</b>	<b>43,603</b>	<b>377,347</b>
Designated to UW	181,487	14,468	6,344	202,299
Designated to Agencies	61,312	76,476	37,259	175,048
Total Collections to date	205,912	69,283	27,815	303,010
% Collected	85%	76%	64%	80%

**UNITED WAY OF SOUTHEAST ALASKA**

**Letter to the Governing Board**

**Year Ended August 31, 2012**

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



January 8, 2013

To the Board of Directors  
United Way of Southeast Alaska  
Juneau, Alaska

Ladies and Gentlemen:

We have audited the financial statements of United Way of Southeast Alaska (UWSEAK) for the year ended August 31, 2012, and have issued our report thereon dated January 8, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 24, 2012. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UWSEAK are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives and depreciation methods of leasehold improvements and equipment is based on industry trends and norms. We evaluated the key factors and assumptions used to develop the useful lives of equipment in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the collectibility of pledges receivable is based on a review of the pledges receivable aging summary and prior experiences with individuals and agencies. We evaluated the key factors and assumptions used to develop the estimate of collectibility of accounts receivable in relation to the financial statements taken as a whole.

Management's estimate of the value of donated services, supplies and rental space are based on fair market value of those items. We evaluated the key factors and assumptions used to develop the estimate of the value of donated services, supplies and rental space in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of functional expenses is based on the programs and supporting activities benefited. We evaluated the key factors and assumptions used to develop the functional expense classification in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements during our audit.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control

In planning and performing our audit of the financial statements of UWSEAK as of and for the year ended August 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered UWSEAK's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the UWSEAK's internal control. Accordingly, we do not express an opinion on the effectiveness of UWSEAK's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Board of Directors  
United Way of Southeast Alaska  
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Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This information is intended solely for the use of the Board of Directors and management of UWSEAK and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Altman, Rogers & Co.*

Juneau, Alaska

**United Way of Southeast Alaska**

3225 Hospital Drive, Suite 201  
Juneau, Alaska 99801  
tel. 907.463.5530



## Memo

TO: United Way of Southeast Alaska, Board of Directors

FROM: Wayne A. Stevens, President/CEO

A handwritten signature in black ink that reads "Wayne A. Stevens".

DATE: January 2, 2013

SUBJECT: Fiscal Policies Changes and additions

In reviewing the United Way of Southeast Alaska Fiscal Policies, I note that the fiscal year was still listed as January 31. I have changed the policy statement Section I to reflect actual fiscal year end of August 31.

I added Combined Federal Campaign (CFC) in Section II where it mentions the SHARE and private campaign.

I added a new section XII Fixed Asset Policy - Inventory and Accounting. Previous iterations of the fiscal policy documents did not include any policy on fixed assets, how to inventory or how to account for depreciation. Currently the auditors are using a threshold of \$500.00 for fixed assets. The new policy raises that threshold to \$5,000.00

I recommend that the Finance committee approve the changes and forward to the Board for their adoption.

*UNITED WAY OF SOUTHEAST ALASKA  
FISCAL POLICIES*

APPROVED BY THE  
UNITED WAY OF SOUTHEAST ALASKA  
BOARD OF DIRECTORS  
Date: JULY 5, 1995

Revised and Approved: April 21, 1999  
Revised and Approved: September 24, 2003  
Revised and Approved: October 25, 2006  
Revised and Approved: December 15, 2010  
Revised and Approved: February 21, 2013

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## **I. FISCAL POLICY STATEMENT**

These fiscal policies set forth the basic framework for the overall fiscal management of United Way of Southeast Alaska (UWSEAK). Operating independently of changing circumstances and conditions, these policies assist the decision-making process of the Board of Directors, President and staff. It is anticipated that these policies will provide guidance to management, meet the requirement of regulatory bodies, serve as a standard for review, and represent the direction of the Board.

These policies will guide UWSEAK and help maintain financial stability. All significant policy changes require Board approval.

UWSEAK's fiscal year-end is August 31.

## **II. ACCOUNTING POLICIES**

UWSEAK will establish and maintain a high standard of accounting practices. The accounting records will monitor expenditures, revenues, and performance of all UWSEAK activities on an ongoing basis and provide an accurate assessment of the financial condition of the organization. The financial systems will provide a structure of internal control, a clear audit trail, and information required by the Board, funding sources and governmental regulatory bodies.

The accounts of UWSEAK will be organized on the basis of funds, each of which will be considered a separate accounting entity. A single fund will capture all activity of United Way's Private Sector, Combined Federal Campaign (CFC) and Alaska State SHARE campaigns. Other funds may be established by the Finance Committee to facilitate reporting. The operations of each fund will be accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. All transactions will be recorded in accordance with Generally Accepted Accounting Principles (GAAP). In all funds, the accrual basis of accounting will be used (modified accrual accounting is acceptable for interim reporting purposes). Revenues will be recognized in the accounting period in which they are earned. Expenditures will be recognized in the accounting period in which the liability is incurred.

UWSEAK will strive to maintain sufficient reserves to ensure an adequate cash flow. Invoices and charges will be paid promptly and discounts taken when available. Payroll taxes will be paid punctually. All employees will be paid timely and accurately in accordance with established payroll procedures and state laws and regulations.

Normally, relocation allowance and transportation will not be paid for new employees or for transferring current employees. However, the Board of Directors may approve reimbursement of actual relocation costs when circumstances warrant.

A petty cash fund may be approved by the President. The fund will be set at \$300. Persons controlling this money will be designated as Petty Cash Custodians and they are personally and solely responsible for safeguarding the cash and accounting for all transactions. Petty cash funds will not be used to make unauthorized purchases or to circumvent the requisition procedure. Petty cash funds will be subject to audit by supervisory personnel. No personal loans are to be made out of petty cash. Reimbursement will be handled on a routine basis.

A corporate purchasing card may be approved by the Board for the use of the President. All purchases on the credit card must be authorized expenditures of UWSEAK.

Only the Board may enter into any grant/contractual obligations. However, the Board may authorize the President to enter into grant/contractual obligations on their behalf. All grants and contracts will be managed from the Executive Office.

### **III. FINANCIAL REPORTING**

Regular monthly financial reports to the Board will present a summary of financial activity in a format determined by the Finance Committee. When requested, the reporting system will also provide information on the total cost of specific services by type of expenditure or by fund. See additional detail in the Internal Controls Policies section.

### **IV. AUDITING**

An agency wide annual audit will be performed by an independent public accounting firm with the subsequent issue of an official annual financial statement. The Accountant/Bookkeeper will provide documentation and information requested by the audit firm selected to perform the annual audit. Copies of the auditor's report will be distributed to all members of the Board, and to appropriate government agencies.

### **V. SARBANES OXLEY PROVISIONS**

To avoid insider transactions and conflicts of interest, UWSEAK will understand and fully comply with all laws regarding compensation and benefits provided to directors and executives (including "intermediate sanctions" and "self-dealing" laws). UWSEAK, as a rule, will not provide personal loans to directors and executives. In cases in which the board feels it is necessary to provide a loan, however, all terms should be disclosed and formally approved by the board, the process should be documented, and the terms and the value of the loan should be publicly disclosed. The Board of Directors will establish and annually review a conflict of interest policy and will ensure a regular and rigorous means of enforcing it.

The Board of Directors will appoint an independent and competent finance/audit committee, that will select and oversee an independent auditing firm to conduct an annual external financial audit and will review the audit. Board members on the finance/ audit committee should be free from conflicts of interest and should not receive any compensation for their service on the committee. The Board will include at least one "financial expert" on the finance/audit committee. The audit results must be approved by the full board.

The Board of Directors will rotate the auditor or lead partner at least every five years; will avoid any conflict of interest in staff exchange between audit firm and organization; will not use its auditing firm for non-auditing services except tax form preparation with pre-approval from audit committee; will require disclosure to the audit committee of critical accounting policies and practices; and will use the audit committee to oversee and enforce UWSEAK's conflict-of-interest policy.

UWSEAK's President and Treasurer should sign off on all financial statements including Form 990 tax returns, to ensure they are accurate, complete, and filed on time. The finance/audit committee should review and approve financial statements and Form 990 tax returns for completeness and accuracy.

UWSEAK will disclose its Form 990 and 990-PF at its website; will file 990 and 990-PF Forms in a timely manner.

UWSEAK's Code of Ethics includes a formal process to deal with "whistle-blower" complaints and prevent retaliation. UWSEAK's Board of Directors or its designees will investigate employee complaints and correct any problems or explain why corrections are not necessary.

Fiscal records and electronic files will be retained in accordance with a document retention and periodic destruction policy, according to a schedule developed by United Way of America. These records may be kept off premises and may be transferred to electronic format, but will be stored in a secured area.

If an official investigation is underway or even suspected, UWSEAK will stop any document purging in order to avoid criminal obstruction.

## **VI. REVENUE RECOGNITION**

Cash receipts will be provided adequate safeguards by all personnel entrusted with their care. All funds received will be transmitted and deposited timely as set forth in the Internal Controls section, an employee designated by the President, in accordance with procedures set by the Accounting Office. A monthly reconciliation will be made to verify that all monies received by UWSEAK have been deposited. The Accountant/Bookkeeper will prepare any necessary billings and be responsible for the correct accounting of all revenues.

All revenues from sources that have placed restrictions upon the expenditure of those revenues will not be expended for any unauthorized expenditures.

Revenues will be recognized in the fiscal year the pledge is received. The subsequent cash collections will reduce the related receivable.

## **VII. BUDGETING**

These budgeting policies address the budget process for the ongoing programs of UWSEAK.

The formal budgeting process will provide the primary mechanism by which key decisions will be made regarding the levels and types of services to be provided, given the anticipated level of available resources. All funds will be subject to the annual budget process. The President of UWSEAK is primarily responsible for the preparation of the annual budget document.

The Accountant/Bookkeeper will begin the budgeting process for UWSEAK by distributing appropriate financial statements to the President in April. These statements will show comparative figures for the current fiscal year through the most recently completed month for which financial statements are available, and the current operating budget. From this information the President will prepare the preliminary budget for UWSEAK. The preliminary Executive Office budget will be presented to the Board at its May meeting for review.

During budget development, the President will estimate the amount of revenues that can reasonably be anticipated from UWSEAK's fundraising sources.

The Board will adopt a balanced budget and once approved, expenditures by program must be relevant to the stated objectives of UWSEAK. These objectives cannot be changed without prior approval by the Board, unless otherwise stated in these policies.

UWSEAK will maintain a budgetary control system to ensure adherence to the budget and the Accountant/Bookkeeper will prepare timely, monthly financial reports comparing actual revenues, expenditures and encumbrances with budgeted amounts. The President and Board of Directors are responsible for reviewing those financial reports.

The President is accountable for all expenditures made, and is expected to confine spending to amounts appropriated during the budget process as amended by Board actions. The Board will review the budget for amendments quarterly at its discretion.

### **VIII. DESIGNATIONS OF FUND BALANCE**

UWSEAK solicits donations to its Community Impact Fund and its various sub-categories. These funds are allocated annually, in a grant-making process managed by the Community Impact Committee, which advances its grant recommendations to the Board of Directors.

The accumulation of fund balance designations protects UWSEAK from uncontrollable increases in expenditures or unforeseen reductions in revenues, or a combination of the two. They also provide adequate working capital and a sufficient cash flow for daily financial needs at all times. The Board of Directors recommends the accumulation and maintenance of 3-6 months of operating expenses.

### **IX. INVESTMENTS**

The overriding purpose of this policy is to acknowledge clearly that any investment instrument or decision carries with it certain elements of risks. However, safety of principal is the foremost objective of UWSEAK and there are numerous safeguards instituted that minimize such risks. Each investment transaction will seek to first ensure that capital losses are avoided.

UWSEAK will seek to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, and cash flow considerations. This policy establishes a framework for implementing such safeguards, authorizes particular types of allowable investment instruments, and creates oversight responsibilities of investment activities.

Management direction for the investment program is the responsibility of the Board of Directors. The Board may delegate specific aspects to the President.

Actual investment transactions are the responsibility of the President. No other position may engage in an investment transaction except as provided by the Board of Directors. Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of obtaining market rates of return. Investment officers acting in accordance with written procedures and exercising due intelligence will be relieved of personal responsibility for an individual security's credit risk, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken, to control adverse developments.

Investments by UWSEAK will be restricted to the following type securities; however, other investments may be made if prior Board approval is given to the President: savings accounts, certificates of deposit and other time accounts, interest-bearing money market investment accounts of commercial banks, savings and loan associations, community foundation, and other institutions insured by the Federal Deposit Insurance Corporation,

UWSEAK will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments or individual financial institutions.



Diversification by financial institution: savings accounts, certificates of deposit and other time accounts no more than \$100,000 with any one institution. Other available cash is to be invested as appropriate to coincide with projected cash flow needs, taking into account large routine scheduled expenditures, as well as considering sizable blocks of anticipated revenues and cash receipts. Maturities will not exceed 180 days.

All investments will be in the name of UWSEAK, and will be held in safekeeping at the financial institution from which they were purchased. Safekeeping account receipts will be held by UWSEAK's Executive Office.

All interest earned from investments will accrue to the appropriate fund based on the fund which earned the interest.

UWSEAK will invest only with financial institutions that maintain an office within the City and Borough of Juneau. The financial institution must also be a member of the Federal Deposit Insurance Corporation (FDIC).

## **X. INTERNAL CONTROLS**

UWSEAK will maintain an internal control structure designed to ensure that the assets of UWSEAK are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure will be designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived; and (2) The valuation of costs and benefits requires estimates and judgments by management.

UWSEAK will employ the following specific internal control procedures:

1. All checks will require two signatures. Signatory Authority is given to the following Board Officers: President, Chair, Chair-elect, past Chair, Treasurer and Secretary (except as noted). The President is not permitted to be a signatory on any checks written to the President. No Board member will be permitted to sign checks if that Board member is related in any way to an employee of UWSEAK or to UWSEAK's Accountant/Bookkeeper. No checks are ever pre-signed and signatories may not sign checks made out to themselves. Voided checks are mutilated and filed at UWSEAK office. Similar controls apply to electronic disbursements of UWSEAK funds. Supporting documentation must be provided and maintained for all checks issued; i.e. purchase order, requisition, check request, timesheet, lease, etc.
2. Invoices must be approved by the President prior to payment unless the payment is a payroll check to be paid to the President or if the payment is a reimbursement to the President. In these cases, a member of the Board of Directors must approve the reimbursement request or timesheets. Approval must be written on the invoice. In addition, the President or Board member must "code" the invoice prior to payment. Coding includes indicating which account number a payment is to be charged to.
3. Certain items such as office rent are recurring and cyclically billed. For these items, the President may instruct the Accountant/Bookkeeper to pay these without other approval. The President will provide the Accountant/Bookkeeper with written authorization before these types of payments can be made.
4. No check may be written to cash.

5. Cash receipts. All cash and checks received by UWSEAK are to be received by the Administrative Assistant or President and restrictively endorsed to the proper bank account. The cash or checks received will be coded as to their source by the Administrative Assistant or President. Deposits will be made at least twice per week. A copy of the deposit slip, validated bank receipt and check support will be filed by date in the Executive Office. A copy of the checks and deposit slip will be forwarded to the Accountant/Bookkeeper no less than once per month. If a question arises, the Administrative Assistant or President should receipt the money received and endorse any checks for deposit only to UWSEAK and then submit them to the President or the Treasurer or President of the Board of Directors for further clarification as necessary.

No cash will be deposited by campaign key workers or individuals other than the President of UWSEAK or the President's designated assistant.

6. The Accountant/Bookkeeper will maintain GAAP basis accounting records for the Private Campaign and SHARE activity on the UWSEAK's accounting system. The Accountant/Bookkeeper will also provide, modified accrual financial statements to include a comparative balance sheet, income statement, and comparison of budget to actual results. These reports must be available for review by the 15th day subsequent to the end of any particular month.
7. The Accountant/Bookkeeper will prepare vendor payments at least once per month. These payments will be coincident with the preparation of UWSEAK's payroll. The President will be responsible for mailing all payments. The Accountant/Bookkeeper will prepare checks, the original check will be mailed to the vendor, and the check stub will be stapled to the vendors invoice and filed by vendor. All documents will be retained in accordance with the Record Retention Policies. Similar controls apply to electronic disbursements of UWSEAK funds.

#### 8. PAYROLL

- All employees are paid twice per month. Payroll periods will end on the fifteenth and the last day of each month. Payroll will be paid within seven days following the end of each pay period.
- Employees submit biweekly time sheets for approval to the President. In the case of the President, timesheets will be submitted to a Board member for approval.
- After approval by the appropriate supervisors they are submitted to the Accountant/Bookkeeper for payment.
- Timesheets must indicate time spent on key organizational activities. The Accountant/Bookkeeper will use this information to appropriately charge each fund for staff time. The Accountant/Bookkeeper will not prepare payroll for those employees who have not submitted properly approved timesheets. The Accountant/Bookkeeper will allocate personnel costs to each fund based on hours worked by each employee at their respective pay rates.
- The President will maintain employee personnel files with all documentation required by law. Computerized payroll records will be maintained by the Accountant/Bookkeeper which generate monthly and yearly payroll tax reports for the IRS and State Department of Labor. IRS deposits are made bi-weekly at the time of the regular payroll. Payroll advances are not allowed. All employee withholding is withheld at the appropriate rates as stated by the IRS and DOL.

#### 9. DISTRIBUTIONS

- All member agency distributions will be made on a quarterly basis as follows:  
Fiscal

<u>Quarter</u>	<u>Period</u>	<u>Payment Due By</u>
1	February, March, April	May 22
2	May, June, July	August 22
3	August, September, October	November 22
4	November, December, January	February 22

- The President or Administrative Assistant will be responsible for maintaining the computer software programs. This information will summarize all activity of the Private/SHARE campaigns. The President will provide the necessary reports to the Accountant/Bookkeeper by the tenth of the month following the end of each fiscal quarter so that the Accountant/Bookkeeper may prepare the Agency distributions.
- Each quarter, all designated funds will be distributed. Undesignated funds will be distributed as determined by the Board of Directors.

10. The Accountant/Bookkeeper will review the outstanding check list for each bank account to identify checks written but not cleared which are over 180 days old. For checks over 180 days old, the Accountant/Bookkeeper/Bookkeeper will attempt to contact the payee. If unsuccessful in this attempt the Accountant/Bookkeeper will call the bank on which the check was drawn to notify them that the check is being canceled. The Accountant/Bookkeeper/Bookkeeper will then notify UWSEAK's Accountant/Bookkeeper who will cancel the check in the accounting system and establish the check as a liability on the accounting records of UWSEAK. The President will maintain a subsidiary ledger supporting the total amount of the liability recorded. UWSEAK will then follow the Unclaimed Property Statutes and regulations of the State of Alaska in determining the disposition of the funds.

## **XI. PURCHASING**

It is the policy of UWSEAK to obtain necessary supplies, equipment, goods and services, as reasonably as possible, only by persons authorized by the President. Local vendors will be used where practical. Consideration will also be given to service, quality, delivery, and repair capabilities.

The President will generate all requests for prices or services and all purchases, or continuous cyclically billed services which are approved when invoices are submitted by the vendor.

The President will insure that the quality, quantity, and type of materials requisitioned and delivered conform to the specifications of the Board of Directors or other authorized personnel who have ordered the materials.

Acceptance of gratuities at any time, other than promotional novelties, is prohibited. Employees will not become obligated to any supplier and will not conclude any UWSEAK transaction from which they may personally benefit, directly or indirectly.

The President will strive to maintain strong and enduring relationships with vendors of proven ability. To accomplish this, purchasing activities will be conducted so that vendors will value UWSEAK business and make an effort to meet our requirements on the basis of quality, service, and price.

UWSEAK will buy only from suppliers who have adequate financial strength, high ethical standards, and a record of adhering to specifications, maintaining shipping promises and giving a full measure of service. New sources of supply will be given due consideration as multiple sources of supply are necessary to ensure availability of materials.

All bidders will be afforded equal opportunities to furnish price quotations and are to compete on equal terms.

The President will act as the UWSEAK representative on all matters pertaining to purchasing. However, all purchases of goods or services in excess of \$1,000 and not specifically budgeted for require prior Board of Directors approval.

## **XII. FIXED ASSET POLICY**

### **INVENTORY**

Fixed Assets include all items with a purchase price greater than \$5,000. An inventory of such fixed assets will be maintained which provides the following information:

1. Description and location of asset.
2. Date of purchase or donation
3. Depreciation or disposal status
4. Original cost or donated value

This inventory is verified and updated at the time of the annual General Audit.

### **FIXED ASSET ACCOUNTING POLICY**

Assets purchased with grant funds will be directly expensed against the appropriate grant and maintained in accordance with grant requirements.



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# Five myths about charitable giving

By **Ken Stern,**

Ken Stern is the chief executive of Palisades Media Ventures and a former chief executive of National Public Radio. His book *With Charity for All: Why Charities Are Failing and a Better Way to Give*, will be published in February.

Ken Stern The last few days of the year may be a time of celebration and indulgence, but it is also when many people think about helping others. Though much of the roughly \$240 billion in individual charitable contributions comes in December, these donations are often made hastily, based on poor information. Before writing those end-of-the-year checks, here are some things to remember about how charities work and how to evaluate them.

## **1. Charities are principally dedicated to serving the poor and needy.**

The term “charity” is associated with helping the poor and downtrodden, but American charities — 1.1 million organizations with \$1.5 trillion in annual revenue — make up a large, rapidly growing economic sector that includes health care, higher education, scientific research, social services and the arts. There is incredible diversity among charities, from tiny neighborhood food banks to multi-state hospital chains boasting lavish concierge services and million-dollar salaries for executives. In fact, hospitals are the largest component of the U.S. charitable sector, but they are more likely to be profitable than for-profit hospitals and aren’t much more likely to serve the needy.

It’s also astonishingly easy to start a charity. The Internal Revenue Service approves more than 99.5 percent of charitable applications, often in very short order. Because of this, the sector includes more than a few organizations that have little connection to common notions of doing good: the Sugar Bowl, the U.S. Golf Association, the Renegade Roller Derby team in Bend, Ore., and the All Colorado Beer Festival, just to name a few.

## **2. Donors should reward charities that have low overhead.**

The notion that charities should put as much money as possible into services and as little as possible into overhead expenses is widely accepted. Overhead ratios, which measure the relationship between a charity’s income and expenses, are one factor in popular rating systems such as Charity Navigator and the Better Business Bureau’s Wise Giving Alliance. Charity Navigator, for example, suggests that administrative spending greater than 30 percent is

unreasonable, and it rewards its highest ranking to organizations that put less than 15 percent of their resources toward such costs.

Low overhead has become a point of pride — and marketing — for charities such as the Brother’s Brother Foundation, a Pittsburgh-based relief organization whose Web site boasts that “less than 1% of the value of donations [is] used for overhead.”

But charities need to spend on research, training and financial systems, all classified as “overhead,” to be effective. Those that shortchange these investments — and many do — are less likely to achieve their goals. The American Red Cross, for instance, [struggled during Hurricanes Katrina](#) and Sandy in part because it hadn’t invested enough in the infrastructure necessary to handle complex emergency relief.

That lack of investment is partly due to public pressure, rather than a shortage of funding. When then-Red Cross chief executive [Bernadine Healy](#) tried to appropriate unused money from the 9/11 Liberty Fund to correct weaknesses in the group’s broader emergency response capacity, she was forced to resign.

### **3. Tax incentives are critical to charitable giving.**

People with income in the lowest quintile give a higher percentage of their earnings to charity than do more wealthy Americans. This pattern persists despite the fact that low earners have less disposable income and rarely take advantage of itemized tax deductions for charitable donations. Sure, some contributions are tax-driven: Almost a quarter of online giving occurs in the last two days of the year as taxpayers rush to qualify for deductions. But Americans’ generosity may be more resistant to changes in the tax laws than most people think.

According to Congress’s Joint Committee on Taxation, the charitable tax deduction [will cost the federal government \\$230 billion](#) from 2010 to 2014. Some economists believe that charities would lose less than that amount if the exemption were eliminated or modified, since people give for many reasons unrelated to tax incentives. Because of the perceived unfairness and inefficiency of the current system, many analysts, including at the Congressional Budget Office, have begun to look at substantial changes, from establishing floors or ceilings for deductions (sometimes in combination with making incentives available to non-itemizers) all the way up to eliminating the deduction.

### **4. Nonprofits are not profitable.**

In 2010, U.S. charities reported more than \$2.7 trillion in assets. Even putting aside the multibillion-dollar endowments of Harvard and Yale universities, many lesser-known charities have substantial war chests. In 2007, Ascension Health, a large Midwest charity hospital chain, reported reserves of \$7.4 billion, more than twice the cash on hand at the Walt Disney Co.

Some donors look for small, underfunded charities, thinking their gifts will make a bigger difference. But that is not necessarily an effective strategy. Many of the charities with strong track records in delivering results — organizations such as Youth Villages of Memphis and the Nature Conservancy — are also quite good at building financial reserves. Charities like these identify clear goals and have third parties evaluate their work, practices that are more important than how much they have in the bank.

### **5. It is easy to find a good charity to support.**

In fact, it is enormously difficult. Not only is there considerable confusion among charities — for example, there are more than 60,000 with the word “veteran” in their names — there is little information on groups’ effectiveness. The mutual fund industry employs 159,000 people to help investors make good choices. But there are fewer than 100 people nationwide whose jobs are to help the giving public make wise donations. So what is a conscientious donor to do?

Put in the work. On average, Americans spend more time watching television in one day than they do researching charities in an entire year. Finding good charities takes time. It means using the few organizations, such as GiveWell, that do in-depth studies of charities’ effectiveness. And it means remembering that the best organizations, charitable or

otherwise, are built on more than a good story or a charismatic leader.

As Warren Buffett once said: “I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will.” That’s good advice when trying to make sure donated dollars actually do good.

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