

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements

For The 19 Months Ended August 31, 2009

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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, 2009 and the related statement of activities, functional expenses and cash flows for the 19 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 provides 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, 2009 and the changes in its net assets and its cash flows for the 19 months then ended in conformity with accounting principles generally accepted in the United States of America.

February 12, 2010

UNITED WAY OF SOUTHEAST ALASKA

Statement of Financial Position

August 31, 2009

Assets:		
Cash and cash equivalents	\$	116,478
Investments		26,924
Pledges receivable		142,104
Other receivable		44,819
Prepaid expense		64
Equipment, net of accumulated depreciation of \$23,107 in 2009		<u>1,129</u>
Total assets	\$	<u>331,518</u>
Liabilities:		
Accounts payable		1,965
Agency allocation payable		108,597
Accrued payroll		12,151
Deferred grant revenue		<u>5,000</u>
Total liabilities		<u>127,713</u>
Net assets:		
Unrestricted:		
Designated for:		
Property and equipment		1,129
Community impact		94,536
Undesignated		<u>108,140</u>
Total net assets		<u>203,805</u>
Total liabilities and net assets	\$	<u>331,518</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statement of Activities

Nineteen months ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
SHARE campaign	\$ 22,484	-	22,484
Private campaign	191,719	-	191,719
Combined Federal campaign	5,640	-	5,640
Collections of prior year campaign	-	-	-
contributions greater (less)	-	-	-
than amount anticipated	7,002	-	7,002
Grant revenue	-	178,665	178,665
In Kind Contributions	48,856	-	48,856
Program Tuition	6,875	-	6,875
Interest income	4,013	-	4,013
Unrealized gains and losses	(1,735)	-	(1,735)
Realized gains and losses	(6,712)	-	(6,712)
Miscellaneous income	20,576	-	20,576
Net assets released from restriction	178,665	(178,665)	-
Total revenues and support	<u>477,383</u>	<u>178,665</u>	<u>477,383</u>
Expenses:			
Program services:			
Fund distributions	52,763	-	52,763
Housing Project	68,297	-	68,297
Leadership Project	33,005	-	33,005
Community impact	288,625	-	288,625
Total program services	<u>442,690</u>	<u>-</u>	<u>442,690</u>
Supporting services:			
Management and general	65,902	-	65,902
Fundraising	46,501	-	46,501
Total supporting services	<u>112,403</u>	<u>-</u>	<u>112,403</u>
Total expenses	<u>555,093</u>	<u>-</u>	<u>555,093</u>
Change in net assets	<u>(77,710)</u>	<u>-</u>	<u>(77,710)</u>
Net assets at beginning of year,	<u>281,514</u>	<u>-</u>	<u>281,514</u>
Net assets at end of year	<u>\$ 203,804</u>	<u>-</u>	<u>203,804</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statement of Functional Expenses

Nineteen Months Ended August 31, 2009

2009

	Program Services				Supporting Services		Total Program and Supporting Services
	Fund Distributions	Housing	Leadership	Community Impact	Management and General	Fund Raising	
					Total		Total
Expenses:							
Salaries and benefits	\$ 26,192	54,264	18,718	155,983	255,157	36,895	63,087
Payroll taxes	2,042	6,757	2,142	9,501	20,442	2,609	4,651
Grants to agencies	-	-	-	30,229	30,229	-	-
Direct expense	-	2,412	7,228	1,496	11,136	-	-
Day of Caring Project	-	-	-	-	-	-	-
Professional fees	7,958	-	-	32,537	40,495	8,513	8,513
Office rent	3,802	3,458	3,458	16,158	26,876	5,285	9,087
Telephone and internet	1,004	544	544	4,456	6,548	1,112	2,116
Office supplies	688	283	273	3,755	4,999	1,486	2,174
Mileage	82	70	153	386	691	121	203
Printing	882	-	-	482	1,364	394	882
Postage	143	-	-	1,719	1,862	167	310
Advertising	1,784	-	-	6,002	7,786	744	2,528
Research & assessment	-	-	-	-	-	-	-
Dues and subscriptions	298	-	-	1,877	2,175	501	799
UWA dues	-	-	-	-	-	4,645	4,645
Community relations	142	-	-	986	1,128	142	232
Fees and licenses	1,005	-	-	1,021	2,026	470	1,475
Grantwriting	-	-	-	700	700	-	700
ANDAR training & support	520	-	-	-	520	520	1,040
Insurance	693	-	-	3,818	4,511	693	5,828
Events & Meetings	-	-	-	10,300	10,300	1,696	12,058
Equipment repair and maintenance	155	-	-	966	1,121	155	1,430
Training & development	835	509	489	4,493	6,326	835	8,419
Travel	145	-	-	1,760	1,905	145	2,055
SHARE admin expense	4,393	-	-	-	4,393	4,393	8,786
CFC admin expense	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	767	767
Total expenses	\$ 52,763	68,297	33,005	288,625	442,690	65,902	112,403
						46,501	555,093

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statement of Cash Flows

Nineteen months ended August 31, 2009

Cash flows from operating activities:	
Change in net assets	\$ (77,709)
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:	
Depreciation	767
Net unrealized (gains)	1,735
(Increase) decrease in:	
Pledge receivables	174,966
Other receivables	(39,619)
Prepaid expenses	(64)
(Increase) decrease in:	
Accounts payable	(18,035)
Agency allocation payable	(75,554)
Accrued payroll	(218)
Deferred revenue	(46,000)
Net cash used for operating activities	(79,731)
Cash flows from investing activities:	
(Purchases) of equipment	(1,106)
(Purchases) sales of investment pool	6,030
Net cash provided by (used for) investing activities	4,924
Decrease in cash and cash equivalents	(74,807)
Cash and cash equivalents at beginning of year	191,285
Cash and cash equivalents at end of year	\$ 116,478

Supplemental Cash Flow Information:

Noncash transactions include in-kind contributions of \$48,856.

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

Nineteen months ended August 31, 2009

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

UWSEAK classifies revenue, gains, and losses into three net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of UWSEAK and changes therein are classified and reported as follows:

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

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

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.

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 2008 campaign pledges.

F. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2009 advertising costs were \$10,314.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

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.

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.

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. Functional Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and detailed in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

L. 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.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

M. Donated Goods and Services

Donated goods pledged during the Fall 2008 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 were not met.

II. CASH AND CASH EQUIVALENTS

The cash and cash equivalents at August 31, 2009 consist of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 300	-
Credit card deposit account	13,405	13,405
Money market	86,324	86,355
Checking	16,449	61,708
	<u>\$ 116,478</u>	<u>161,468</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, 2009 UWSEAK had no uninsured and uncollateralized deposits.

III. INVESTMENTS

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:

Investments at Fair Value:	<u>2009</u>
Community Foundation	\$ 26,924

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

IV. PLEDGES RECEIVABLE

The pledge receivable balance consist of pledges made during the Fall 2008 campaign, less any amounts received from those campaigns prior to August 31, 2009. The amounts due for each campaign are as follows:

Private Campaign	\$ 66,400
SHARE Campaign	44,062
Combined Federal Campaign	<u>31,642</u>
Total	\$ <u>142,104</u>

V. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions as follows:

	<u>8/31/09</u>
Rent	\$ 17,521
Events	7,465
Professional Services	<u>20,870</u>
	\$ <u>45,856</u>

VI. EQUIPMENT

Equipment at August 31, 2009 consisted of the following:

Office equipment	\$ 18,595
Penny machine	<u>5,641</u>
	24,236
Less: accumulated depreciation	<u>(23,107)</u>
	\$ <u>1,129</u>

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

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, 2009. At August 31, 2009 the agency allocation payable balances are as follows:

Private Campaign	46,523
SHARE Campaign	34,662
CFC	<u>27,412</u>
Total agency	\$ <u>108,597</u>

VIII. LEASE

United Way of Southeast Alaska has an annual operating lease for office space from Southeastern Newspaper Corporation in the Juneau Empire Building. The amount spent on the lease for the nineteen months ended August 31, 2009 was \$18,442.

VIII. SUBSEQUENT EVENTS

Management has evaluation subsequent events thru February 12, 2010, the date which the financial statements were available for issue. Subsequent to year end the investment account at Alaska Community Foundation was closed and all investments were converted to certificates of deposit.