

United Way of the Midlands

Financial Statements
and
Independent Auditors' Report

As of and for the Years Ended June 30, 2009 and 2008

United Way of the Midlands

Financial Statements and Independent Auditors' Report

As of and for the Years Ended June 30, 2009 and 2008

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Independent Auditors' Report

The Board of Directors
United Way of the Midlands
Columbia, South Carolina

We have audited the accompanying statements of financial position of United Way of the Midlands (a non-profit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Midlands as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moore Beuston Woodham CPA

Columbia, South Carolina
November 30, 2009

MBW

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United Way of the Midlands
Statements of Financial Position
As of June 30,

	2009	2008
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 3,395,715	\$ 1,940,063
Investments	975,664	401,481
Pledges Receivable (Net of Allowance for Uncollectible Accounts of Approximately \$950,000 for June 30, 2009 and \$1,000,000 for June 30, 2008)	4,289,002	4,973,642
Grants Receivable	2,445,920	1,053,816
Designations Processing Income Receivable	222,339	160,159
Other Receivables	8,299	4,646
Prepaid Expenses	81,595	112,253
Total Current Assets	11,418,534	8,646,060
Non-Current Assets:		
Property and Equipment, Net	1,319,334	1,282,984
Endowed Fund at Central Carolina Community Foundation	79,771	101,885
Funds Held for Others at Central Carolina Community Foundation	73,577	88,059
Total Non-Current Assets	1,472,682	1,472,928
Total Assets	\$ 12,891,216	\$ 10,118,988
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Designations Payable	\$ 2,599,233	\$ 2,535,344
CORE Service and RFP Funding Payable	1,297,631	1,857,907
Accounts Payable	182,930	148,605
Grants Payable	895,434	916,876
Special Funds Held for Agencies	121,815	145,956
Compensation Related Benefits Payable	108,059	148,071
Deferred Revenue	19,137	-
Refundable Deposits	6,717	6,717
Total Current Liabilities	5,230,956	5,759,476
Non-Current Liabilities:		
Funds Held for Others	73,577	88,059
Total Liabilities	5,304,533	5,847,535
Net Assets:		
Unrestricted		
Undesignated	2,126,455	2,094,674
Board Designated	1,890,542	1,802,469
Temporarily Restricted	3,569,686	374,310
Total Net Assets	7,586,683	4,271,453
Total Liabilities and Net Assets	\$ 12,891,216	\$ 10,118,988

See accompanying notes and independent auditors' report.

United Way of the Midlands
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Gross Campaign Results Prior Years	\$ 70,180	\$ -	\$ 70,180
Less: Donor Designations	(284,881)	-	(284,881)
Less: Provision for Uncollectible Pledges	162,536	-	162,536
Net Campaign Revenue Prior Year	(52,165)	-	(52,165)
Gross Campaign Results 2008	-	10,852,563	10,852,563
Less: Donor Designations	-	(3,799,115)	(3,799,115)
Less: Provision for Uncollectible Pledges	-	(947,850)	(947,850)
Net Campaign Revenue 2008	-	6,105,598	6,105,598
Grants	-	6,838,294	6,838,294
Sponsorship	99,986	-	99,986
Contracts	113,581	-	113,581
Designation Processing Income	(582)	295,183	294,601
Building Rent Income	130,367	-	130,367
Gifts in Kind	151,158	-	151,158
Investment Income	44,401	9,784	54,185
Gains/(Losses) on Disposal of Assets	(8,775)	-	(8,775)
Unrealized Gains/(Losses)	(24,440)	-	(24,440)
Miscellaneous Income	141,758	-	141,758
Campaign Income Released from Restriction	6,400,781	(6,400,781)	-
Grant Funds Released from Restrictions	3,652,702	(3,652,702)	-
Total Revenues and Other Support	10,648,772	3,195,376	13,844,148
EXPENSES			
Program Services:			
Gross Funds Awarded	7,582,709	-	7,582,709
Less Donor Designations	(4,083,996)	-	(4,083,996)
Net Funds Awarded	3,498,713	-	3,498,713
Grants	3,756,424	-	3,756,424
Other Program Services	1,485,529	-	1,485,529
Total Program Services	8,740,666	-	8,740,666
Supporting Services	1,653,324	-	1,653,324
United Way of America Dues	134,928	-	134,928
Total Expenses	10,528,918	-	10,528,918
Change in Net Assets	119,854	3,195,376	3,315,230
Net Assets at Beginning of Year	3,897,143	374,310	4,271,453
Net Assets at End of Year	\$ 4,016,997	\$ 3,569,686	\$ 7,586,683

See accompanying notes and independent auditors' report.

United Way of the Midlands
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Gross Campaign Results Prior Years	\$ 52,280	\$ -	\$ 52,280
Less: Donor Designations	86,335	-	86,335
Less: Provision for Uncollectible Pledges	23,400	-	23,400
Net Campaign Revenue Prior Year	162,015	-	162,015
Gross Campaign Results 2007	-	11,603,459	11,603,459
Less: Donor Designations	-	(3,718,458)	(3,718,458)
Less: Provision for Uncollectible Pledges	-	(1,000,000)	(1,000,000)
Net Campaign Revenue 2007	-	6,885,001	6,885,001
Gross Campaign Results 2008	-	136,428	136,428
Grants	-	2,559,571	2,559,571
Sponsorship	207,362	-	207,362
Contracts	55,529	-	55,529
Designation Processing Income	10,499	215,550	226,049
Fiscal Agency Income	28,659	-	28,659
Building Rent Income	105,200	-	105,200
Gifts in Kind	75,384	-	75,384
Investment Income	58,590	-	58,590
Unrealized Gains/(Losses)	(35,019)	-	(35,019)
Miscellaneous Income	55,638	-	55,638
Campaign Income Released from Restriction	7,100,551	(7,100,551)	-
Grant Funds Released from Restrictions	2,693,283	(2,693,283)	-
Total Revenues and Other Support	10,517,691	2,716	10,520,407
EXPENSES			
Program Services:			
Gross Funds Awarded	7,587,952	-	7,587,952
Less Donor Designations	(3,632,123)	-	(3,632,123)
Net Funds Awarded	3,955,829	-	3,955,829
Grants	2,690,503	-	2,690,503
Other Program Services	1,456,876	-	1,456,876
Total Program Services	8,103,208	-	8,103,208
Supporting Services	1,704,859	-	1,704,859
United Way of America Dues	129,285	-	129,285
Total Expenses	9,937,352	-	9,937,352
Change in Net Assets	580,339	2,716	583,055
Net Assets at Beginning of Year	3,316,804	371,594	3,688,398
Net Assets at End of Year	\$ 3,897,143	\$ 374,310	\$ 4,271,453

See accompanying notes and independent auditors' report.

United Way of the Midlands
Statement of Functional Expenses
For the Year Ended June 30, 2009

	Other Program Services					Supporting Services					Payments to National Organizations	Total	
	United Way Agency Distributions	Grants	Communications & Community Relations	Community Impact (Councils)	Community Resources	Total Other Program Services	Management and General	Building, IT, and UWM Expense Pool	Campaign	Total Support Services			
	Expenses:												
RFP Distributions	\$ 2,745,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,745,945
Core Services	68,917	-	-	-	-	-	-	-	-	-	-	-	68,917
211 Center	299,540	-	-	-	-	-	-	-	-	-	-	-	299,540
Vital Connections	130,450	-	-	-	-	-	-	-	-	-	-	-	130,450
Other Payouts	253,861	-	-	-	-	-	-	-	-	-	-	-	253,861
Grants and Subcontracts	-	3,017,683	-	-	-	-	-	-	-	-	-	-	3,017,683
Salaries	-	328,195	30,734	397,110	43,113	470,957	-	793,270	570,581	1,363,851	-	-	2,163,003
Benefits	-	75,737	8,083	84,905	10,923	103,911	-	166,803	90,305	257,108	-	-	436,756
Payroll Taxes	-	22,767	2,240	30,117	3,151	35,508	-	91,857	39,764	131,621	-	-	189,896
Professional Fees	-	39,710	40,501	54,856	11,833	107,190	29,130	74,862	18,870	122,862	-	-	269,762
Supplies	-	17,866	4,854	6,976	4,727	16,557	4,242	24,667	21,502	50,411	-	-	84,834
Telephone	-	3,621	-	(223)	-	(223)	-	13,893	2,739	16,632	-	-	20,030
Postage	-	1,786	420	827	253	1,500	1,791	7,397	3,440	12,628	-	-	15,914
Occupancy	-	-	-	199	-	199	-	133,162	-	133,162	-	-	133,361
Equipment Maintenance	-	897	-	1,992	-	1,992	-	11,819	-	11,819	-	-	14,708
Printing	-	124,348	116,099	2,149	2,791	121,039	594	1,500	139,897	141,991	-	-	387,378
Staff Development	-	58,772	6,465	10,300	2,973	19,738	5,012	9,284	31,632	45,928	-	-	124,438
Membership Dues	-	3,430	910	636	300	1,846	-	1,663	1,371	3,034	-	-	8,310
National Dues	-	-	-	-	-	-	-	-	-	-	-	134,928	134,928
Insurance	-	-	-	-	-	-	-	5,728	-	5,728	-	-	5,728
Interest	-	-	-	-	-	-	-	2,136	-	2,136	-	-	2,136
Major Equipment/Building	-	-	-	-	-	-	-	2,315	-	2,315	-	-	2,315
Depreciation	-	-	-	-	-	-	-	113,116	-	113,116	-	-	113,116
Gifts in Kind	-	-	-	70,440	-	70,440	-	-	-	-	-	-	70,440
UWM Expense Pool Allocation	-	39,817	36,980	268,300	49,405	354,685	106,637	(998,060)	349,474	(541,949)	-	-	(147,447)
UWM Building Allocation	-	10,330	9,595	69,620	12,818	92,033	27,667	(254,412)	84,829	(141,916)	-	-	(39,553)
UWM IT Allocation	-	9,876	9,172	66,532	12,253	87,957	26,448	(248,482)	86,676	(135,358)	-	-	(37,525)
Other Expenses	-	1,589	200	-	-	200	19,673	47,482	(8,950)	58,205	-	-	59,994
Total Functional Expenses:	\$ 3,498,713	\$ 3,756,424	\$ 266,253	\$ 1,064,736	\$ 154,540	\$ 1,485,529	\$ 221,194	\$ -	\$ 1,432,130	\$ 1,653,324	\$ 134,928	\$ -	\$ 10,528,918

See accompanying notes and independent auditors' report.

United Way of the Midlands
Statement of Functional Expenses
For the Year Ended June 30, 2008

	Other Program Services					Supporting Services					Payments to National Organizations	Total	
	United Way Agency Distributions	Grants	Communications & Community Relations	Community Impact (Councils)	Community Resources	Total Other Program Services	Management and General	Building, IT, and UWM Expense Pool	Campaign	Total Support Services			
Expenses:													
RFP Distributions	\$ 2,399,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,399,361
Core Services	602,817	-	-	-	-	-	-	-	-	-	-	-	602,817
211 Center	324,175	-	-	-	-	-	-	-	-	-	-	-	324,175
Vital Connections	188,479	-	-	-	-	-	-	-	-	-	-	-	188,479
Organizational Impact	161,875	-	-	-	-	-	-	-	-	-	-	-	161,875
Edisto	50,500	-	-	-	-	-	-	-	-	-	-	-	50,500
Other Payouts	228,622	-	-	1,500	-	1,500	-	-	-	-	-	-	230,122
Grants and Subcontracts	-	2,272,210	19,119	25,296	44,380	88,795	-	-	-	-	-	-	2,361,005
Salaries	-	131,256	30,037	464,435	43,222	537,694	-	757,992	519,529	1,277,521	-	-	1,946,471
Benefits	-	20,611	10,322	90,226	8,093	108,641	5,902	292,082	87,931	385,915	-	-	515,167
Payroll Taxes	-	9,339	2,208	34,539	3,175	39,922	-	68,377	39,337	107,714	-	-	156,975
Professional Fees	-	-	-	-	-	-	29,855	68,995	11,569	110,419	-	-	110,419
Supplies	-	15,382	3,162	4,231	1,235	8,628	3,643	32,140	15,057	50,840	-	-	74,850
Telephone	-	4,054	-	154	-	154	165	19,472	1,572	21,209	-	-	25,417
Postage	-	986	1,347	1,242	419	3,008	2,683	5,603	8,527	16,813	-	-	20,807
Occupancy	-	-	-	86	-	86	4,768	126,870	-	131,638	-	-	131,724
Equipment Maintenance	-	-	-	-	-	-	-	1,560	-	1,560	-	-	1,560
Printing	-	153,017	124,397	25,602	1,179	151,178	143	7,586	83,362	91,091	-	-	395,286
Staff Development	-	47,867	11,336	26,514	11,185	49,035	15,031	27,270	93,077	135,378	-	-	232,280
Membership Dues	-	36	-	971	155	1,126	3,059	-	2,489	5,548	-	-	6,710
National Dues	-	-	-	-	-	-	-	-	-	-	129,285	-	129,285
Insurance	-	-	-	-	-	-	-	17,764	-	17,764	-	-	17,764
Major Equipment/Building	-	3,153	-	-	291	291	168	2,322	-	2,490	-	-	5,934
Depreciation	-	-	-	-	-	-	-	108,306	-	108,306	-	-	108,306
Fiscal Agency Fees	-	28,659	-	-	-	-	-	-	-	-	-	-	28,659
Gifts in Kind	-	-	-	-	384	384	-	-	-	-	-	-	384
UWM Expense Pool Allocation	-	2,046	43,080	230,215	45,234	318,529	138,017	(1,066,313)	365,276	(563,020)	-	-	(242,445)
UWM Building Allocation	-	459	9,615	53,605	9,820	73,040	30,752	(240,735)	81,855	(128,128)	-	-	(54,629)
UWM IT Allocation	-	437	9,956	53,126	10,490	73,572	32,160	(247,059)	84,322	(130,577)	-	-	(56,568)
Other Expenses	-	991	1,170	123	-	1,293	44,259	17,768	351	62,378	-	-	64,662
Total Functional Expenses:	\$ 3,955,829	\$ 2,690,503	\$ 265,749	\$ 1,011,865	\$ 179,262	\$ 1,456,876	\$ 310,605	\$ -	\$ 1,394,254	\$ 1,704,859	\$ 129,285	\$ -	\$ 9,937,352

See accompanying notes and independent auditors' report.

United Way of the Midlands
Statements of Cash Flows
For the Years Ended June 30,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,315,230	\$ 583,055
Adjustments to Reconcile Net Cash Provided by		
Operating Activities:		
Depreciation	113,116	107,175
Provision for Uncollectible Pledges	785,324	976,600
Unrealized Loss on Investments	(24,440)	(35,019)
Loss on Disposal of Fixed Assets	(8,775)	-
(Increase) Decrease in Current Assets:		
Pledges Receivable	(100,684)	(1,526,162)
Grants Receivable	(1,392,104)	(540,871)
Designation Processing Income Receivable	(62,180)	26,729
Other Receivables	(3,653)	4,707
Prepaid Expenses	30,658	35,215
Increase (Decrease) in Current Liabilities:		
Designations Payable	63,889	215,602
CORE Service and RFP Funding Payable	(560,276)	332,630
Accounts Payable	34,325	(77,091)
Grants Payable	(21,442)	616,225
Other Liabilities	(45,016)	121,040
Net Cash Provided by Operating Activities	2,123,972	839,835
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments, net of sales	(527,629)	(264,076)
Purchases of Property and Equipment	(140,691)	(72,269)
Net Cash Provided (Used) by Investing Activities	(668,320)	(336,345)
 Net Increase (Decrease) in Cash	1,455,652	503,490
 Cash, Beginning of Year	1,940,063	1,436,573
 Cash, End of Year	\$ 3,395,715	\$ 1,940,063
 Supplemental Disclosure:		
Cash Paid During the Year for Interest	\$ 7,045	\$ -

See accompanying notes and independent auditors' report.

United Way of the Midlands
Notes to the Financial Statements
As of and for the Years Ended June 30, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

United Way of the Midlands (the “Organization”) is a nonprofit corporation whose mission is to determine and respond to the critical human service needs of the community. The Organization conducts an annual campaign throughout the Midlands area of South Carolina to raise funds through corporate and individual pledges and gifts. It then allocates this financial support to maximize the resources available to its related agencies and other service organizations to address the most urgent needs of the community.

The Organization is dependent upon undesignated contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the Organization’s ability to provide services and to invest funds in social service agencies’ programs.

Fundraising campaigns are conducted in the fall of each year to raise support for allocation to participating agencies in the subsequent calendar year.

As part of its fundraising activities, the Organization serves as the Principal Combined Fund Organization to manage the local Combined Federal Campaign of the Midlands (“CFC”) under the direction and control of the Federal Executive Committee. The accompanying financial statements reflect the total campaign production for the Organization and the Combined Federal Campaign.

Combined Federal Campaign

CFC contracts with the Organization to manage the campaign and administer the funds of CFC. In accordance with United Way of America’s revised *Financial Statement Standards (Membership Standard H)*, campaign results of CFC are included in the gross campaign results of the Organization.

Basis of Accounting

The Organization uses the accrual basis of accounting to report financial activity and the financial statements accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization follows the accounting and reporting standards established by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that information regarding the financial position and activities be classified into three net asset categories according to externally (donor) imposed restrictions.

United Way of the Midlands
Notes to the Financial Statements
As of and for the Years Ended June 30, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

A description of the three net asset categories follows:

- | | |
|---------------------------------|---|
| <u>Unrestricted</u> – | Assets and liabilities that are associated with the principal mission of the Organization not otherwise restricted by donors, whether or not designated for specific purposes by the Board of Directors. |
| <u>Temporarily restricted</u> – | Assets and liabilities that include gifts and other inflows of assets whose use by the Organization is restricted by donor imposed stipulations that either expire by passage of time or other specified future event, or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. |
| <u>Permanently restricted</u> – | Assets and liabilities that include gifts and other inflows of assets which require by donor restriction that the asset principal be invested in perpetuity and only the income be made available for current operations in accordance with donor stipulations as to the specific purpose for which the income may be expended. The Organization had no permanently restricted net assets as of June 30, 2009 and 2008. |

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 amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a remaining maturity of three months or less at date of acquisition to be cash equivalents.

Allowance for Uncollectible Pledges

The allowance for uncollectible pledges has been established to value pledges at their estimated net realizable value. The estimated allowances have been calculated based on management's judgment of prior collection history and other analysis of individual pledges and are applied to the gross campaign. Annual pledges not collected after 18 months are written off against the allowance.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized and recorded at historical cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method.

United Way of the Midlands
Notes to the Financial Statements
As of and for the Years Ended June 30, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The Organization's employees are entitled to accrue and carry forward annual leave subject to a maximum number of hours and length of employee service. The leave must be used by December 31 of the following year.

Public Support

Unrestricted contributions are available for general organizational use and are recognized as unrestricted revenue.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized when the promises are received, and allowances are provided for promises estimated by management to be uncollectible. Unconditional promises due within the next fiscal year are reflected as current receivables, while promises due after one year are reflected as long-term receivables. Conditional promises to give are recorded as refundable advances and are not included as support until the conditions are substantially met.

Donors may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the current year United Way of the Midlands Annual Campaign and are then deducted as amounts designated to other organizations to arrive at net campaign revenue. Amounts so deducted are carried as liabilities until paid to the designated charitable organization. Also, donor designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way of America Membership Standards as outlined in their publication titled "United Way of America Cost Deduction Requirements for Membership Standard M."

Allocation of Functional Expenses

The costs of providing the Organization's programs have been summarized in the statement of functional expenses. Costs that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or reasonable subjective methods determined by management.

Fundraising Costs

The Organization expenses all fundraising costs as they are incurred.

Donated Services and In-Kind Contributions

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, no values for in-kind amounts for these services have been included in the financial statements since there is no objective basis by which to measure such values. Donated property and other in-kind contributions are recognized in the financial statements at fair market value when received.

United Way of the Midlands
Notes to the Financial Statements
As of and for the Years Ended June 30, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a not-for-profit organization that as defined by Section 501(c)(3) of the US Internal Revenue Code and as such, is subject to federal income taxes on unrelated business income. The Organization had unrelated business income, revenues from the rent of office space to a for-profit organization, of approximately \$67,000 for the year ended June 30, 2009. However, its net unrelated business income (income after expenses) resulted in a loss. Therefore no provision for income taxes was made.

Concentration of Risk

Financial investments which potentially subject the Organization to concentration of credit risk consist primarily of pledges receivable.

Substantially all pledges receivable are from individuals, businesses, or nonprofit organizations in the Columbia, South Carolina and surrounding areas. Concentration of credit risk is limited due to the large number of donors that comprise the organizations donor base. As a result, at June 30, 2009 and 2008 the organization does not consider itself to have a significant concentration of credit risk with respect to pledges receivable. The Organization requires no collateral on its receivables.

Note 2 – Reserve Fund

During the year ending June 30, 2008 the Board of Directors designated a reserve fund at the Organization. A portion of prior years investments along with current year contributions were moved to this reserve fund. The reserve fund was made up of the following at June 30;

	<u>2009</u>	<u>2008</u>
Cash & Cash Equivalents	\$ 914,878	\$ 1,420,277
Investments	<u>975,664</u>	<u>382,192</u>
Total Reserve Funds	<u>\$ 1,890,542</u>	<u>\$ 1,802,469</u>

Note 3 – Grants Receivable

Grants receivable is made up of the following as of June 30;

	<u>2009</u>	<u>2008</u>
Grants receivable in less than one year	\$ 2,467,200	\$ 1,053,816
Less: unamortized discounts to present value	<u>(21,280)</u>	<u>-</u>
Total grants receivable	<u>\$ 2,445,920</u>	<u>\$ 1,053,816</u>

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Note 3 – Grants Receivable (continued)

Grants receivable that are due in more than one year are reflected at present value of estimated future cash flows using the United States 20 year treasury bill rate as the discount rate. That rate was 4.3% on June 30, 2009

Note 4 – Investments

Short term investments are carried at fair value, which approximates cost in accordance with Statements of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments consist of certificates of deposit and are carried at the quoted market value of the securities as of the last business day of the reporting year. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change of net assets in the accompanying statement of activities.

The following is a summary of the market value of investments as of June 30;

	<u>2009</u>	<u>2008</u>
Certificates of deposit	340,141	383,192
Corporate Bonds	635,523	-
Equity Securities	-	18,289
Total Investments	<u>\$ 975,664</u>	<u>\$ 401,481</u>

The following schedule summarizes the investment return for the years ended June 30;

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 44,401	\$ 58,590
Unrealized losses	(24,440)	(35,019)
Total investment return	<u>\$ 19,961</u>	<u>\$ 23,571</u>

Investment fees totaled approximately \$2,800 and \$1,000 for the years ended June 30, 2009 and 2008, respectively.

Note 5 – Property and Equipment

Property and equipment consists of the following as of June 30;

	<u>2009</u>	<u>2008</u>
Land	\$ 344,102	\$ 344,102
Buildings and Improvements	1,980,511	1,904,767
Furniture and Equipment	330,023	300,260
	<u>2,654,636</u>	<u>2,549,129</u>
Less: Accumulated Depreciation	<u>(1,335,302)</u>	<u>(1,266,145)</u>
Property and Equipment, Net	<u>\$ 1,319,334</u>	<u>\$ 1,282,984</u>

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Note 6 – Endowed Fund at Central Carolina Community Foundation

The Organization has transferred certain memorial gifts it has received over the years to the Central Carolina Community Foundation (“CCCF”). These funds are invested by CCCF and are presented at market value which was \$73,577 as of June 30, 2009 and \$88,059 as of June 30, 2008.

Note 7 – Line of Credit

The Organization has a \$750,000 line of credit agreement with a commercial bank. Interest on the outstanding balance is due monthly at the bank’s prime rate minus one-half percent (2.75% as of June 30, 2009 and 4.50% as of June 30, 2008). The line of credit is collateralized by the Organization’s building and matures in December of 2009.

The Organization also has a \$250,000 line of credit agreement with a commercial bank, specifically for the funding needs of the Combined Federal Campaign. Interest on the outstanding balance is due monthly at the bank’s prime rate plus one-half percent (3.75% as of June 30, 2009 and 5.50% as of June 30, 2008). The line of credit is collateralized by the Organization’s building and matures in June of 2010.

There was no outstanding balance on either line of credit at June 30, 2009 and 2008.

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets released from program restrictions consisted of the following during the years ended June 30;

	<u>2009</u>	<u>2008</u>
Purpose restrictions:		
Agency allocations	\$ 6,043,198	\$ 6,874,709
Special program grants	3,756,424	2,690,503
Other programs	253,861	228,622
Total net assets released from restrictions	<u>\$ 10,053,483</u>	<u>\$ 9,793,834</u>

Temporarily restricted net assets were available for the following purposes at June 30;

	<u>2009</u>	<u>2008</u>
Future Campaign's Income	\$ -	\$ 136,428
Grants:		
Midlands Housing Alliance	3,537,307	13,650
BCBS Advertising	3,716	99,938
Project Hope	-	84,044
Facing Facts	-	19,937
Memorandum's of Agreement	7,309	13,254
Workforce Investment Program	11,658	5,048
Other Grants	9,696	2,011
Total temporarily restricted net assets	<u>\$ 3,569,686</u>	<u>\$ 374,310</u>

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Note 9 – Benefit Plan

The Organization provides a 401(k) plan for all eligible employees. To be eligible to participate in the plan, employees generally must work a minimum of 1,000 hours annually and be at least 21 years of age. The Organization will make a matching contribution based upon the participating employee's base salary and may make an additional discretionary contribution. Contributions totaled \$94,560 for the year ended June 30, 2009 and \$150,529 for the year ended June 30, 2008.

Note 10 – Compassion Capital Grant

During the year ended June 30, 2008 the Organization received a three year grant of \$499,174 per year from the U.S. Department of Health and Human Services. The grant is to be used to provide technical assistance to faith-based and community organizations in order to assist them in increasing an organization's sustainability and effectiveness, enhancing its ability to provide social services, and creating collaborations to better serve those most in need. Grant activity related to the Compassion Capital Grant is made up of the following as of June 30;

	2009	2008
Funds Available, Beginning	\$ 878,544	\$ -
Contract Funds Provided	-	499,714
Funds Spent Through June 30	(483,533)	(120,884)
Unspent Funds as of June 30	395,011	378,830
Contract Renewal Amount	499,714	499,714
Funds Available, Ending	\$ 894,725	\$ 878,544

Note 11 – Knight Foundation Grant

During the year ended June 30, 2009, the Organization received a \$5,000,000 grant from the John S. and James L. Knight Foundation. The grant was to help United Way of the Midlands launch a comprehensive housing and services program for the homeless in Columbia, SC. The grant is payable in three installments. The first installment of \$2,000,000 was received during the year ended June 30, 2009. The second and third installments of \$1,490,000 each will be received on November 1, 2009 and 2010 upon presentation of satisfactory progress reports. The remaining \$20,000 of the grant was withheld by the Knight Foundation for two grant expenditure evaluations that will be conducted.

Note 12 – Fair Value Measurements

Effective January 1, 2009 the Organization adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which provides a framework for measuring fair value of certain assets and liabilities and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS 157 establishes a three-tier hierarchy that prioritizes the assumptions, referred to as inputs, used in valuation techniques to measure fair value.

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Note 12 – Fair Value Measurements (continued)

The three levels of the fair value hierarchy are defined by SFAS 157 as follows:

Level 1 – Pricing inputs which include quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the reporting date.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived from or corroborated by observable market data as of the reporting date.

Level 3 – Pricing inputs which include those that are unobservable for the asset or liability and reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Assets measured at fair value as of June 30, 2009 are as follows:

	Level 1	Level 2	Level 3	Total
Investments	\$ 975,664	\$ -	\$ -	\$ 975,664
Endowed Fund at CCCF	-	-	79,771	79,771
Totals	\$ 975,664	\$ -	\$ 79,771	\$ 1,055,435

The Endowed Fund at CCCF, classified as level 3, consists of long-term investments held by a third-party. Management estimates the investment's fair value using information supplied by the third-party. However, the third-party information supplied does not describe the underlying investments that make up the Organizations' funds. As a result, no observable inputs are present in order for the Organization's management to assess fair value. The Endowed Fund at CCCF had the following activity during the year ended June 30, 2009;

Beginning balance	\$ 101,885
Interest income	3,448
Realized losses	(621)
Unrealized losses	(19,454)
Management fees	(917)
Deposits and withdrawals (net)	(4,570)
Ending balance	\$ 79,771

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Note 13 – Related Party Transactions

United Way of the Midlands has a fiscal agent relationship with the Midlands Area Combined Federal Campaign which is subject to annual renewal and was renewed in 2009 for the period of one year.

Various federal agencies in South Carolina received pledges from federal employees in South Carolina. These agencies in turn remitted the pledges collected to the Midlands Area Combined Federal Campaign. The Midlands Area Combined Federal Campaign is honoring designations made to member organizations.

CFC owed the Organization \$103,583 as of June 30, 2009 and \$112,830 as of June 30, 2008. This amount represents reimbursable office supplies and expenses used by CFC during the administration of its campaign.

The Organization paid monthly dues to the United Way of America, its national affiliate, in the amount of \$134,928 for the year ended June 30, 2009 and \$129,285 for the year ended June 30, 2008. The Organization's dues payable to United Way of America were approximately \$50,000 as of June 30, 2009 and \$50,000 as of June 30, 2008.

Note 14 – Federal and State Contracts

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed would not have a material effect on the Organization's financial position.

Note 15 – Subsequent Events

The date to which events occurring after June 30, 2009 (the date of the most recent balance sheet) have been evaluated for possible adjustment to the financial statements or disclosure is December 10, 2009, which is the date on which the financial statements were issued.

Note 16 – Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation.
