

Jennings County United Way, Inc.
North Vernon, Indiana
Financial Statements
December 31, 2008
(See Independent Auditor's Report)

Jennings County United Way, Inc.
North Vernon, Indiana
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jennings County United Way, Inc.
North Vernon, Indiana

We have audited the accompanying Statement of Financial Position of Jennings County United Way, Inc., a not-for-profit organization, as of December 31, 2008 and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year 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 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 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 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 Jennings County United Way, Inc. as of December 31, 2008, and the changes in its net assets, functional expenses and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Teipen, Selanders, Poynter & Ayres, P.C.
Certified Public Accountants

October 25, 2009

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Financial Position
As of December 31, 2008
(See Independent Auditor's Report)

Assets

Cash and Cash Equivalents - Note 1	\$	35,074
Short-Term Investments - Certificates of Deposit - Notes 1 and 3		23,240
Pledges Receivable - 2008 Campaign, Net of Allowance for Uncollectible Pledges of \$20,135 - Note 1		103,903
Pledges Receivable - 2007 Campaign, Net of Allowance for Uncollectible Pledges of \$28,293 - Note 1		30,690
Prepaid Expenses		1,969
Property and Equipment.- Net of Accumulated Depreciation of \$31,281 - Notes 1 and 2		1,214
Beneficial Interest in Jennings County Community Foundation - Note 4		<u>16,614</u>
Total Assets	\$	<u><u>212,702</u></u>

Liabilities and Net Assets

Liabilities

Accounts Payable	\$	99
Designations Payable - 2008 Campaign		19,855
Designations Payable - 2007 Campaign		<u>2,478</u>
Total Liabilities		<u>22,432</u>

Net Assets - Notes 1, 5 and 10

Unrestricted		26,768
Temporarily Restricted		146,888
Permanently Restricted		<u>16,614</u>
Total Net Assets		<u>190,270</u>
Total Liabilities and Net Assets	\$	<u><u>212,702</u></u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2008
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue - Note 1				
Gross Campaign Results	\$ 122,286	\$ 134,677	\$ -	\$ 256,963
Donor Designations	(692)	(19,855)	-	(20,547)
Provision for Uncollectible Pledges	(17,170)	(20,135)	-	(37,305)
Net Campaign Results	<u>104,424</u>	<u>94,687</u>	-	<u>199,111</u>
Special Events	12,261	-	-	12,261
Designations from Other United Ways	28,039	10,597	-	38,636
Fundraising Fees	3,759	-	-	3,759
Sponsorship	14,365	-	-	14,365
Program Service	10,018	-	-	10,018
4Community2	-	10,000	-	10,000
Indiana Natural Disaster Grant - Note 8	-	100,000	-	100,000
Autistic and Behavioral Connections	2,086	-	-	2,086
Other	161	-	-	161
Interest - Note 3	2,466	-	-	2,466
Decline in Beneficial Interest in Jennings County Community Foundation Fund	-	-	(4,386)	(4,386)
Net Assets Released from Restriction	<u>146,597</u>	<u>(146,597)</u>	-	<u>-</u>
Total Support and Revenue	<u>324,176</u>	<u>68,687</u>	<u>(4,386)</u>	<u>388,477</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	162,438	-	-	162,438
Other Program Services	<u>161,604</u>	-	-	<u>161,604</u>
Total Program Services	<u>324,042</u>	-	-	<u>324,042</u>
Support Services				
Management and General	25,014	-	-	25,014
Fundraising	37,913	-	-	37,913
Unallocated Payments to Affiliated Organization - UWA Dues	<u>2,588</u>	-	-	<u>2,588</u>
Total Support Services	<u>65,515</u>	-	-	<u>65,515</u>
Total Expenses	<u>389,557</u>	-	-	<u>389,557</u>
Change in Net Assets	(65,381)	68,687	(4,386)	(1,080)
Net Assets - Beginning of Year - Note 10	<u>92,149</u>	<u>78,201</u>	<u>21,000</u>	<u>191,350</u>
Net Assets - End of Year	<u>\$ 26,768</u>	<u>\$ 146,888</u>	<u>\$ 16,614</u>	<u>\$ 190,270</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2008
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions	\$ 163,500	\$ -	\$ -	\$ -	\$ 163,500
Donor Designations	(14,994)	-	-	-	(14,994)
Special Grants and Allocations	13,932	-	-	-	13,932
Net Funds Distributed	<u>162,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,438</u>
Salaries and Wages - Professional	53,955	6,809	9,156	-	69,920
Payroll Taxes and Benefits	5,691	725	975	-	7,391
Total Personnel	<u>59,646</u>	<u>7,534</u>	<u>10,131</u>	<u>-</u>	<u>77,311</u>
Accounting and Pledge Processing Services	-	10,740	-	-	10,740
Professional Fees	-	5,300	-	-	5,300
Contract Service Fees	-	-	16,551	-	16,551
Campaign Events and Supplies	-	-	9,249	-	9,249
Marketing and Advertising	606	80	112	-	797
Postage	708	95	130	-	933
Office Supplies	908	99	138	-	1,145
Office Rent - Note 6	3,192	420	588	-	4,200
Telephone and Utilities	1,998	257	360	-	2,616
Repairs and Maintenance	106	14	20	-	140
Insurance	798	105	147	-	1,050
Conferences, Training and Meetings	1,286	117	164	-	1,567
Youth Leadership	6,427	-	-	-	6,427
Day of Caring	1,397	-	-	-	1,397
Dollars for Scholars	8,000	-	-	-	8,000
Disaster Relief - Note 8	68,396	-	-	-	68,396
Autistic and Behavioral Connections	696	-	-	-	696
Presenter Fees	4,600	-	-	-	4,600
Local and State Affiliation Dues	948	125	175	-	1,247
Depreciation - Note 1	581	77	108	-	767
Miscellaneous	1,312	52	39	-	1,403
Subtotal	<u>161,604</u>	<u>25,014</u>	<u>37,913</u>	<u>-</u>	<u>224,531</u>
United Way of America - Dues	-	-	-	2,588	2,588
Totals	<u>\$ 324,042</u>	<u>\$ 25,014</u>	<u>\$ 37,913</u>	<u>\$ 2,588</u>	<u>\$ 389,557</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Cash Flows
For the Year Ended December 31, 2008
 (See Independent Auditor's Report)

Cash Flows from Operating Activities		
Change in Net Assets	\$	(1,080)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense		766
Decrease in Beneficial Asset Held by Foundation		4,386
Interest Income Added to Short-Term Investments - Certificates of Deposit		(1,004)
Increase in Pledges Receivable - Net		(28,380)
Increase in Prepaid Expenses		(1,283)
Decrease in Accounts Payable		(483)
Increase in Designations Payable - Net		<u>1,826</u>
Net Cash Used in Operating Activities		<u>(25,252)</u>
Cash Flows From Investing Activities		
Redemption of Short-Term Investments - Certificates of Deposit		6,041
Purchase of Short-Term Investments - Certificates of Deposit		<u>(6,041)</u>
Net Cash Provided by Investing Activities		<u>-</u>
Net Decrease in Cash and Cash Equivalents		(25,252)
Cash and Cash Equivalents - Beginning of Year		<u>60,326</u>
Cash and Cash Equivalents - End of Year	\$	<u><u>35,074</u></u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2008
 (See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The Jennings County United Way, Inc. (the Organization), was formed in 1963 as a voluntary not-for-profit organization benefiting the Jennings County, Indiana community. The mission of the Organization is to unite the community through visionary leadership, assessment of needs and the mobilization and disparity of resources to enhance the quality of life for the citizens of Jennings County. The Organization is governed by a volunteer board of directors and solicits donations from the public in Jennings County and grants monies to various not-for-profit agencies.

BASIS OF PRESENTATION - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its by-laws.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor imposed stipulations that are maintained permanently by the Organization.

CASH AND CASH EQUIVALENTS AND CREDIT RISK - For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. During the year, the Organization may maintain cash balances in excess of the \$250,000 limit insured by the FDIC. At December 31, 2008, cash and cash equivalents did not exceed the FDIC insured amount.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective asset as follows:

Office Equipment	5 Years
Depreciation Expense	\$ <u>766</u>

COST DEDUCTION - The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2008
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon the distribution of staff time.

SUPPORT, REVENUE AND PLEDGES - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as a receivable when the pledge is received and allowances are provided for pledges estimated to be uncollectible. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classifications.

When a donor stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

The majority of pledges receivable are received from a broad base of Jennings County contributors as a result of the annual United Way Campaign.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management's evaluation of the collectability of the pledges receivable, trends in historical bad debt experience and economic conditions, applied to gross campaign, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of bad debts and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

SHORT-TERM INVESTMENTS - Short-term investments consist of certificates of deposit and are recorded at cost which approximates fair value. The fair value of the short-term investments falls in the Level 1 hierarchy described in SFAS 157.

The Organization's short-term investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amount reported in the Statement of Financial Position and the Statement of Activities.

CONTRIBUTED SERVICES - During the year ended December 31, 2008, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fund raising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made* and are not included in the financial statements.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2008
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES - The Organization is a not-for-profit, charitable organization other than a private foundation as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

NOTE 2 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following:

Furniture and Equipment	\$	32,495
Less: Accumulated Depreciation		<u>(31,281)</u>
Total Property and Equipment - Net	\$	<u>1,214</u>

NOTE 3 - INVESTMENTS

The Organization's investments are as follows:

	Cost	Fair Value
Certificates of Deposit	\$ <u>23,240</u>	\$ <u>23,240</u>

Investment return is summarized below:

Interest from Investments and Idle Cash	\$	<u>2,466</u>
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NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY THE JENNINGS COUNTY COMMUNITY FOUNDATION

Since 2002, the Organization has made multiple transfers to the Jennings County Community Foundation (Foundation) into the Jennings County United Way, Inc. Agency Endowment Fund under a designated endowment agreement. Under this agreement, the Organization is specified as the beneficiary of the net earnings (net of expense) of the fund; however, the Foundation has retained variance authority of those funds. The beneficial interest reported as an asset represents the present value of the estimated future cash flows to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the fund is reported as an increase or decrease in permanently restricted net assets.

The beneficial interest in assets held by the Endowment is summarized as follows:

Total Beneficial Interest in Jennings County Community Foundation	\$	<u>16,614</u>
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Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2008
(See Independent Auditor's Report)

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2008, Temporarily Restricted Net Assets consisted entirely of net realizable pledge receivable from the 2008 fall campaign that is time restricted until the next year. The amount includes gross campaign revenues less donor designations and allowance for estimated uncollected pledges.

Temporarily Restricted Net Assets are available for the following purposes:

Time Restriction	\$	105,284
4Community2		10,000
Indiana Natural Disaster Grant		<u>31,604</u>
	\$	<u><u>146,888</u></u>

During the year ended December 31, 2008, Temporarily Restricted Net Assets were released from donor restrictions by incurring expenses satisfying the time restrictions specified by donors as follows:

Time Restriction	\$	78,202
Indiana Natural Disaster Grant		<u>68,395</u>
	\$	<u><u>146,597</u></u>

NOTE 6 - OPERATING LEASE

The Organization leases office space in North Vernon, Indiana from the Jennings County Coordinating Council under a one year operating lease agreement expiring December 31, 2008. Rent expense was \$4,200 for the year ended December 31, 2008.

NOTE 7 - PENSION PLAN

The Organization has established a simple individual retirement account plan for all full-time employees. Eligible employees may defer a portion of their annual compensation up to the maximum allowable by law. The Organization matches up to 3% of employee contributions to the plan. The Organization's contributions were \$2,042 for the year ended December 31, 2008.

NOTE 8 - INDIANA NATURAL DISASTER GRANT

The Organization was awarded a \$100,000 grant from Indiana Association of United Ways in July, 2008 to provide flexible funding for purposes of assessing and evaluating the funding needs in Jennings County, Indiana as a result of the 2008 floods, tornados and storms affecting the area. The funding may be used for immediate needs and for identifying and valuing the future needs for additional funding as a result of the disasters.

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2008
(See Independent Auditor's Report)

NOTE 9 - CONCENTRATION OF CAMPAIGN PLEDGES

During the year ended December 31, 2008, campaign pledges were received from corporations which exceeded ten percent of the Organization's total gross campaign donations for the year as follows:

Lowe's Distribution Center	\$	59,110	43.89%
Jennings County School Corporation		<u>21,716</u>	<u>16.12%</u>
Total Concentration of Campaign Pledges	\$	<u><u>80,826</u></u>	<u><u>60.01%</u></u>

NOTE 10 - PRIOR PERIOD RESTATEMENT OF BEGINNING BALANCE OF NET ASSETS

The beginning balance of unrestricted and temporarily restricted net assets has been restated as of January 1, 2008 to correct the temporary restricted computation of time restriction campaign. The corrected calculation is in accordance with United Way procedures. The adjustment totaled \$32,910 and is summarized below:

		Prior Audit Total Net Assets as of <u>December 31, 2007</u>		Net Assets Change		Net Assets Restated as of <u>January 1, 2008</u>
Net Assets						
Unrestricted	\$	<u>125,059</u>	\$	<u>(32,910)</u>	\$	<u>92,149</u>
Temporary	\$	<u>45,291</u>	\$	<u>32,910</u>	\$	<u>78,201</u>