

Jennings County United Way, Inc.
North Vernon, Indiana
Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

Jennings County United Way, Inc.
North Vernon, Indiana
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TEIPEN, SELANDERS, POYNTER & AYRES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT C. TEIPEN, C.P.A.
MICHAEL A. POYNTER, C.P.A.
JOHN J. (JEFF) THOMAS, C.P.A.

7340 E. 82nd Street, Suite A
Indianapolis, IN 46256

V. SCOTT SELANDERS, C.P.A.
THOMAS G. AYRES, C.P.A.
JASON KIENINGER, C.P.A.

(317) 598-6700
FAX (317) 598-6701
www.teipencpa.com


INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Statements of Financial Position of Jennings County United Way, Inc., a not-for-profit organization, as of December 31, 2010 and 2009 and the related Statements of Activities and Changes in Net Assets, 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 audit.

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 Jennings County United Way, Inc. as of December 31, 2010 and 2009, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


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

August 31, 2011

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Financial Position
As of December 31, 2010 and 2009
(See Independent Auditor's Report)

| Assets | 2010 | 2009 |
|---|--------------------------|--------------------------|
| Cash and Cash Equivalents - Note 1 | \$ 63,398 | \$ 76,881 |
| Short-Term Investments - Certificates of Deposit - Notes 1 and 3 | 24,631 | 24,067 |
| Pledges Receivable - 2010 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$9,247 - Note 1 | 67,808 | - |
| Pledges Receivable - 2009 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$6,128 and \$13,209 - Note 1 | 25,430 | 63,593 |
| Pledges Receivable - 2008 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$22,283 - Note 1 | - | 20,129 |
| Other Receivables | 184 | 58 |
| Prepaid Expenses | 7,666 | 5,340 |
| Property and Equipment - Held for Sale | 10,000 | - |
| Property and Equipment - Net of Accumulated Depreciation of \$32,077 and \$31,613 - Notes 1 and 2 | 3,043 | 881 |
| Beneficial Interest in Jennings County Community Foundation - Note 4 | 20,433 | 18,606 |
| | <u>20,433</u> | <u>18,606</u> |
| Total Assets | \$ <u>222,593</u> | \$ <u>209,555</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts Payable | \$ 6,488 | \$ 5,671 |
| Designations Payable - 2010 Campaign | 16,905 | - |
| Designations Payable - 2009 Campaign | 4,773 | 18,114 |
| Designations Payable - 2008 Campaign | 2,687 | 2,876 |
| Designations Payable - 2007 Campaign | - | 303 |
| | <u>-</u> | <u>303</u> |
| Total Liabilities | <u>30,853</u> | <u>26,964</u> |
| Net Assets - Notes 1 and 5 | | |
| Unrestricted | 19,612 | 13,187 |
| Temporarily Restricted | 151,695 | 150,798 |
| Permanently Restricted | 20,433 | 18,606 |
| | <u>20,433</u> | <u>18,606</u> |
| Total Net Assets | <u>191,740</u> | <u>182,591</u> |
| Total Liabilities and Net Assets | \$ <u>222,593</u> | \$ <u>209,555</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2010
(See Independent Auditor's Report)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|------------------|---------------------------|---------------------------|-------------------|
| Support and Revenue - Note 1 | | | | |
| Gross Campaign Results | \$ 65,370 | \$ 126,239 | \$ - | \$ 191,609 |
| Donor Designations | (4,443) | (16,905) | - | (21,348) |
| Provision for Uncollectible Pledges | 27,396 | (9,247) | - | 18,149 |
| Net Campaign Results | <u>88,323</u> | <u>100,087</u> | - | <u>188,410</u> |
| Special Events | 12,273 | 750 | - | 13,023 |
| Designations from Other United Ways | 19,688 | 260 | - | 19,948 |
| Service Fees | 4,004 | - | - | 4,004 |
| In-Kind | 18,924 | 10,000 | - | 28,924 |
| Fundraising Fees | 22 | - | - | 22 |
| Program Service | 8,095 | - | - | 8,095 |
| Management Fee | 7,930 | - | - | 7,930 |
| Dollars for Scholars | - | 7,852 | - | 7,852 |
| Road Race | 3,594 | - | - | 3,594 |
| Interest - Note 3 | 1,017 | - | - | 1,017 |
| Increase in Beneficial Interest in Jennings County Community Foundation Fund | - | - | 1,827 | 1,827 |
| Net Assets Released from Restriction | <u>118,052</u> | <u>(118,052)</u> | <u>-</u> | <u>-</u> |
| Total Support and Revenue | <u>281,922</u> | <u>897</u> | <u>1,827</u> | <u>284,646</u> |
| Program and Support Services | | | | |
| Program Services | | | | |
| Gross Funds Distributed | 116,601 | - | - | 116,601 |
| Other Program Services | <u>106,395</u> | <u>-</u> | <u>-</u> | <u>106,395</u> |
| Total Program Services | <u>222,996</u> | <u>-</u> | <u>-</u> | <u>222,996</u> |
| Support Services | | | | |
| Management and General | 27,836 | - | - | 27,836 |
| Fundraising | 22,080 | - | - | 22,080 |
| Unallocated Payments to Affiliated Organization - UWA Dues | <u>2,585</u> | <u>-</u> | <u>-</u> | <u>2,585</u> |
| Total Support Services | <u>52,501</u> | <u>-</u> | <u>-</u> | <u>52,501</u> |
| Total Expenses | <u>275,497</u> | <u>-</u> | <u>-</u> | <u>275,497</u> |
| Change in Net Assets | 6,425 | 897 | 1,827 | 9,149 |
| Net Assets - Beginning of Year | <u>13,187</u> | <u>150,798</u> | <u>18,606</u> | <u>182,591</u> |
| Net Assets - End of Year | <u>\$ 19,612</u> | <u>\$ 151,695</u> | <u>\$ 20,433</u> | <u>\$ 191,740</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2009
(See Independent Auditor's Report)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|------------------|---------------------------|---------------------------|-------------------|
| Support and Revenue - Note 1 | | | | |
| Gross Campaign Results | \$ 87,545 | \$ 104,308 | \$ - | \$ 191,853 |
| Donor Designations | (4,476) | (18,114) | - | (22,590) |
| Provision for Uncollectible Pledges | <u>(1,635)</u> | <u>(13,209)</u> | - | <u>(14,844)</u> |
| Net Campaign Results | 81,434 | 72,985 | - | 154,419 |
| Special Events | 13,991 | 10,980 | - | 24,971 |
| Designations from Other United Ways | 12,658 | 454 | - | 13,112 |
| Service Fees | - | (360) | - | (360) |
| In-Kind | 310 | 612 | - | 922 |
| Fundraising Fees | 5,668 | - | - | 5,668 |
| Program Service | 4,210 | - | - | 4,210 |
| 4Community2 Grant - Note 9 | - | 56,500 | - | 56,500 |
| Autistic and Behavioral Connections | 300 | - | - | 300 |
| Interest - Note 3 | 1,385 | - | - | 1,385 |
| Increase in Beneficial Interest in Jennings County Community Foundation Fund | - | - | 1,992 | 1,992 |
| Net Assets Released from Restriction | <u>137,261</u> | <u>(137,261)</u> | - | - |
| Total Support and Revenue | <u>257,217</u> | <u>3,910</u> | <u>1,992</u> | <u>263,119</u> |
| Program and Support Services | | | | |
| Program Services | | | | |
| Gross Funds Distributed | 124,073 | - | - | 124,073 |
| Other Program Services | <u>90,597</u> | - | - | <u>90,597</u> |
| Total Program Services | <u>214,670</u> | - | - | <u>214,670</u> |
| Support Services | | | | |
| Management and General | 28,410 | - | - | 28,410 |
| Fundraising | 25,278 | - | - | 25,278 |
| Unallocated Payments to Affiliated Organization - UWA Dues | <u>2,440</u> | - | - | <u>2,440</u> |
| Total Support Services | <u>56,128</u> | - | - | <u>56,128</u> |
| Total Expenses | <u>270,798</u> | - | - | <u>270,798</u> |
| Change in Net Assets | (13,581) | 3,910 | 1,992 | (7,679) |
| Net Assets - Beginning of Year | <u>26,768</u> | <u>146,888</u> | <u>16,614</u> | <u>190,270</u> |
| Net Assets - End of Year | <u>\$ 13,187</u> | <u>\$ 150,798</u> | <u>\$ 18,606</u> | <u>\$ 182,591</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2010
(See Independent Auditor's Report)

| | Program Services | Management and General | Fund- Raising | UWA Dues | Total |
|--|---------------------|---------------------------|------------------|-----------------|-------------------|
| Gross Distributions - Note 9 | \$ 112,700 | \$ - | \$ - | \$ - | \$ 112,700 |
| Donor Designations | (17,363) | - | - | - | (17,363) |
| Special Grants and Allocations | 21,264 | - | - | - | 21,264 |
| Net Funds Distributed | <u>116,601</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>116,601</u> |
| Salaries and Wages - Professional | 29,925 | 8,052 | 9,147 | - | 47,124 |
| Payroll Taxes and Benefits | 2,814 | 791 | 875 | - | 4,480 |
| Total Personnel | <u>32,739</u> | <u>8,843</u> | <u>10,022</u> | <u>-</u> | <u>51,604</u> |
| Accounting and Pledge Processing Services | - | 10,740 | - | - | 10,740 |
| Professional Fees | - | 5,250 | - | - | 5,250 |
| Contract Service Fees | - | - | 525 | - | 525 |
| Campaign Events and Supplies | - | - | 7,957 | - | 7,957 |
| Marketing and Advertising | 365 | 33 | 782 | - | 1,180 |
| Postage | 128 | 48 | 730 | - | 906 |
| Office Supplies | 440 | 142 | 142 | - | 724 |
| Office Rent - Note 6 | 2,520 | 840 | 840 | - | 4,200 |
| Telephone and Utilities | 1,119 | 373 | 373 | - | 1,865 |
| Insurance | 406 | 1,040 | 135 | - | 1,581 |
| Conferences, Training and Meetings | 358 | 43 | 93 | - | 494 |
| Travel | 344 | 115 | 141 | - | 600 |
| Grants | | | | | |
| Indiana Disaster Relief | 28,387 | - | - | - | 28,387 |
| 4Community2 | 6,591 | - | - | - | 6,591 |
| Special Event, Day of Caring | 1,865 | - | - | - | 1,865 |
| Youth Leadership | 7,719 | - | - | - | 7,719 |
| Charity Tracker | 2,169 | - | - | - | 2,169 |
| Dollars for Scholars | 14,975 | - | - | - | 14,975 |
| Financial Stability | 2,536 | - | - | - | 2,536 |
| 1010 | 2,500 | - | - | - | 2,500 |
| Local and State Affiliation Dues | 631 | 210 | 210 | - | 1,051 |
| Depreciation - Note 1 | 331 | 67 | 67 | - | 465 |
| Miscellaneous | 272 | 92 | 63 | - | 427 |
| Subtotal | <u>106,395</u> | <u>27,836</u> | <u>22,080</u> | <u>-</u> | <u>156,311</u> |
| United Way of America - Dues | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,585</u> | <u>2,585</u> |
| Totals | <u>\$ 222,996</u> | <u>\$ 27,836</u> | <u>\$ 22,080</u> | <u>\$ 2,585</u> | <u>\$ 275,497</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2009
(See Independent Auditor's Report)

| | Program Services | Management and General | Fund- Raising | UWA Dues | Total |
|--|---------------------|---------------------------|------------------|-----------------|-------------------|
| Gross Distributions - Note 9 | \$ 104,414 | \$ - | \$ - | \$ - | \$ 104,414 |
| Donor Designations | (16,151) | - | - | - | (16,151) |
| Special Grants and Allocations | 35,810 | - | - | - | 35,810 |
| Net Funds Distributed | <u>124,073</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>124,073</u> |
| Salaries and Wages - Professional | 37,725 | 9,281 | 9,308 | - | 56,314 |
| Payroll Taxes and Benefits | 3,841 | 1,082 | 998 | - | 5,921 |
| Total Personnel | <u>41,566</u> | <u>10,363</u> | <u>10,306</u> | <u>-</u> | <u>62,235</u> |
| Accounting and Pledge Processing Services | - | 10,740 | - | - | 10,740 |
| Professional Fees | 2,000 | 4,500 | - | - | 6,500 |
| Contract Service Fees | - | - | 9,523 | - | 9,523 |
| Campaign Events and Supplies | - | - | 2,554 | - | 2,554 |
| Marketing and Advertising | 259 | 209 | 448 | - | 916 |
| Postage | 337 | 90 | 599 | - | 1,026 |
| Office Supplies | 2,400 | 106 | 103 | - | 2,609 |
| Office Rent - Note 6 | 2,751 | 735 | 714 | - | 4,200 |
| Telephone and Utilities | 1,448 | 387 | 376 | - | 2,211 |
| Insurance | 641 | 766 | 166 | - | 1,573 |
| Conferences, Training and Meetings | 2,168 | 108 | 139 | - | 2,415 |
| Travel | 459 | 49 | 48 | - | 556 |
| Grants | | | | | |
| Indiana Disaster Relief | 3,217 | - | - | - | 3,217 |
| 4Community2 | 8,627 | - | - | - | 8,627 |
| Special Event, Day of Caring | 1,406 | - | 22 | - | 1,428 |
| Youth Leadership | 8,000 | - | - | - | 8,000 |
| Charity Tracker | 3,551 | - | - | - | 3,551 |
| Dollars for Scholars | 7,590 | - | - | - | 7,590 |
| Local and State Affiliation Dues | 722 | 192 | 187 | - | 1,101 |
| Depreciation - Note 1 | 218 | 58 | 57 | - | 333 |
| Miscellaneous | 3,237 | 107 | 36 | - | 3,380 |
| Subtotal | <u>90,597</u> | <u>28,410</u> | <u>25,278</u> | <u>-</u> | <u>144,285</u> |
| United Way of America - Dues | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,440</u> | <u>2,440</u> |
| Totals | <u>\$ 214,670</u> | <u>\$ 28,410</u> | <u>\$ 25,278</u> | <u>\$ 2,440</u> | <u>\$ 270,798</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
(See Independent Auditor's Report)

| | 2010 | 2009 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 9,149 | \$ (7,679) |
| Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities | | |
| Depreciation Expense | 464 | 333 |
| In-Kind Donation of Property and Equipment - Held for Sale | (10,000) | - |
| Increase in Beneficial Asset Held by Foundation | (1,827) | (1,992) |
| Interest Income Added to Short-Term Investments - Certificates of Deposit | (565) | (828) |
| (Increase) Decrease in Pledges Receivable - Net | (9,516) | 50,869 |
| (Increase) Decrease in Other Receivables | (126) | (57) |
| (Increase) Decrease in Prepaid Expenses | (2,326) | (3,371) |
| Increase (Decrease) in Accounts Payable | 817 | 5,572 |
| Increase (Decrease) in Designations Payable - Net | <u>3,072</u> | <u>(1,040)</u> |
| Net Cash (Used in) Provided by Operating Activities | <u>(10,857)</u> | <u>41,807</u> |
| Cash Flows From Investing Activities | | |
| Purchase of Property and Equipment | <u>(2,626)</u> | <u>-</u> |
| Net Cash Used in Investing Activities | <u>(2,626)</u> | <u>-</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents | (13,483) | 41,807 |
| Cash and Cash Equivalents - Beginning of Year | <u>76,881</u> | <u>35,074</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 63,398</u> | <u>\$ 76,881</u> |
| Supplemental Disclosure of Noncash Investing and Financing Activities | | |
| Property and Equipment Received as Contribution and Held for Resale | <u>\$ 10,000</u> | <u>\$ -</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - 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 provide vision and leadership in the community's pursuit of a rich and full quality of life for all people in 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 (FASB) ASC 958-225-45-5, *Financial Statements of Not-for-Profit Organizations*. Under (FASB) ASC 958-225-45-5, 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 - For the purposes of the Statements 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.

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 | |
| | 2010 | 2009 |
| Depreciation Expense | \$ <u>464</u> | \$ <u>333</u> |

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fair value.

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 Statements of Financial Position and the Statements of Activities.

COMPENSATED ABSENCES - Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

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.

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

ADVERTISING - Advertising costs are expensed as incurred.

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2010 and 2009, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$28,924 and \$922, respectively. In-kind contributions are as follows:

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Space Rental - St. Mary's | \$ - | \$ 310 |
| Property and Equipment - Held for Sale | 10,000 | - |
| Refurbished Computers | 17,500 | - |
| Advertising | 924 | - |
| Professional Fees | 500 | - |
| Subscription - Charity Tracker | - | 612 |
| | <u> </u> | <u> </u> |
| Total In-Kind Contributions | \$ <u>28,924</u> | \$ <u>922</u> |

CONTRIBUTED SERVICES - During the years ended December 31, 2010 and 2009, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fundraising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-50-1, *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.

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

RECLASSIFICATIONS - Certain account combinations from the prior year financial statements have been reclassified in the financial statements and notes to the financial statements to conform to the current year format.

NOTE 2 - PROPERTY AND EQUIPMENT

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

| | 2010 | 2009 |
|------------------------------------|-------------------|-------------------|
| Furniture and Equipment | \$ 35,120 | \$ 32,494 |
| Less: Accumulated Depreciation | <u>(32,077)</u> | <u>(31,613)</u> |
| | <u> </u> | <u> </u> |
| Total Property and Equipment - Net | \$ <u>3,043</u> | \$ <u>881</u> |

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 3 - INVESTMENTS

The Organization's investments are as follows:

| | 2010 Fair Value | 2009 Fair Value |
|-------------------------|--------------------|--------------------|
| Certificates of Deposit | \$ <u>24,631</u> | \$ <u>24,067</u> |

Investment return is summarized below:

| | 2010 | 2009 |
|---|-----------------|-----------------|
| Interest from Investments and Idle Cash | \$ <u>1,017</u> | \$ <u>1,385</u> |

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:

| | 2010 | 2009 |
|--|------------------|------------------|
| Total Beneficial Interest in Jennings County Community Foundation | \$ <u>20,433</u> | \$ <u>18,606</u> |

Change in endowment net assets for the years ended December 31, 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|------------------|------------------|
| Beginning of Year | \$ 21,113 | \$ 16,379 |
| Investment Earnings (Includes Interest, Dividends, Realized and Unrealized Gains and Losses, Less Fees) | <u>2,539</u> | <u>4,734</u> |
| End of Year | \$ <u>23,652</u> | \$ <u>21,113</u> |

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NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009 are available for the following purposes:

| | 2010 | 2009 |
|--------------------------------|-------------------|-------------------|
| Time Restriction | \$ 100,347 | \$ 73,078 |
| 4Community2 Implementation | 34,284 | 41,292 |
| Charity Tracker | 5,792 | 8,041 |
| Dollars for Scholars | 377 | - |
| The Peers | 895 | - |
| Equipment - To be Sold | 10,000 | - |
| Indiana Natural Disaster Grant | <u>-</u> | <u>28,387</u> |
| Total | <u>\$ 151,695</u> | <u>\$ 150,798</u> |

During the years ended December 31, 2010 and 2009, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

| | 2010 | 2009 |
|--------------------------------|-------------------|-------------------|
| Time Restriction | \$ 73,078 | \$ 105,285 |
| 4Community2 | - | 20,000 |
| 4Community2 Implementation | 7,008 | 5,208 |
| Charity Tracker | 2,249 | 3,551 |
| Dollars for Scholars | 7,475 | - |
| The Peers | (146) | - |
| Indiana Natural Disaster Grant | <u>28,387</u> | <u>3,217</u> |
| Total | <u>\$ 118,052</u> | <u>\$ 137,261</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 which expired December 31, 2010. Rent expense was \$4,200 for the years ended December 31, 2010 and 2009.

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 \$1,107 and \$1,613 for the years ended December 31, 2010 and 2009, respectively.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSET CASH BALANCES

At December 31, 2010 and 2009, the cash and cash equivalent balance on the Statements of Financial Position include temporarily restricted net assets totaling \$81,784 and \$74,611, respectively.

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NOTE 9 - DESCRIPTION OF MAJOR PROGRAM SERVICES

The Organization supports other not-for-profit member agencies in Jennings County, Indiana serving four impact areas; Crisis, Education, Income and Health through distributions.

Charity Tracker - Streamlines client intake in a shared confidential database of information and assistance to reduce duplication of services and stretch community resources.

Financial Stability - Creates lasting change and ensures a brighter future for children.

Dollars for Scholars - Making it easier for area students to attend college.

4Community2 Grants - The Organization accepted a 4Community2 Implementation Grant from Indiana Association of United Ways (IaUW) on March 31, 2009 for \$46,500. The grant is funded when the Organization achieves matching donor campaign pledges or direct cash gifts in support of Jennings County directed programs and files the necessary documents with IaUW. During the year ended December 31, 2009, the entire grant was received.

The Organization accepted a 4Community2 Planning grant from IaUW in 2008 totaling \$20,000. During the year ended December 31, 2009, the Organization received \$10,000 in connection with this grant.

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.

NOTE 10 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2010 and 2009, campaign pledges were received from corporations which exceeded ten percent of the Organization's total gross campaign donations for the year as follows:

| | 2010 | |
|---|------------------|---------------|
| Cummins Foundation | \$ 25,201 | 19.96% |
| Jennings County School Corporation | 22,199 | 17.58% |
| Erler Industries, Inc. | <u>16,068</u> | <u>12.73%</u> |
| Total Concentration of Campaign Pledges | <u>\$ 63,468</u> | <u>50.27%</u> |
| | 2009 | |
| Jennings County School Corporation | \$ 22,577 | 21.64% |
| Erler Industries, Inc. | <u>12,586</u> | <u>12.07%</u> |
| Total Concentration of Campaign Pledges | <u>\$ 35,163</u> | <u>33.71%</u> |

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NOTE 11 - RELATED PARTIES

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the Jennings County United Way, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the Jennings County United Way, Inc.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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 at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

The Organization values certificates of deposit at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in Jennings County Community Foundation is based upon a valuation model that calculates the present value of estimated future distributable income (Level 3).

Assets measured at fair value on a recurring basis are summarized below by the three levels of hierarchy:

| | 2010 | | |
|--|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 |
| Certificates of Deposit | \$ - | \$ 24,631 | \$ - |
| Beneficial Interest in Jennings County Community Foundation | - | - | 20,433 |
| | \$ - | \$ 24,631 | \$ 20,433 |
| | 2009 | | |
| | Level 1 | Level 2 | Level 3 |
| Certificates of Deposit | \$ - | \$ 24,067 | \$ - |
| Beneficial Interest in Jennings County Community Foundation | - | - | 18,606 |
| | \$ - | \$ 24,067 | \$ 18,606 |

(Continued)

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NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below represents a reconciliation of activities reflected in the Statements of Activities of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2010 and 2009:

| | 2010 | 2009 |
|--|------------------|------------------|
| Beginning of the Year | \$ 18,606 | \$ 16,614 |
| Change in Net Present Value of Beneficial Interest | <u>1,827</u> | <u>1,992</u> |
| End of Year | <u>\$ 20,433</u> | <u>\$ 18,606</u> |

NOTE 13 - CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash and certificates of deposit accounts at three financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). At times, during the years ended December 31, 2010 and 2009, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. Effective December 31, 2010, only interest bearing accounts with FDIC insured financial institutions have an insurable balance restriction of \$250,000. At December 31, 2010 and 2009, the Organization had no accounts in excess of the \$250,000. The Organization has not experienced any losses.

NOTE 14 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* as of January 1, 2009. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements. The Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2007 and does not expect the total amount of unrecognized tax benefits to significantly change in the next year. The Organization would recognize interest and penalties related to income tax matters in miscellaneous expense. The Organization did not have any amounts accrued for interest and penalties as of December 31, 2010 and 2009.

NOTE 15 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of August 31, 2011.