

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

For the Twelve Month Period Ended June 30, 2011

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Suwannee Valley, Inc.
Lake City, Florida

We have audited the accompanying statement of financial position of the United Way of Suwannee Valley, Inc., a non-profit organization, as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows For the twelve month period 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the United Way of Suwannee Valley, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the twelve month period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2011, on our consideration of United Way of Suwannee Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of United Way of Suwannee Valley, Inc. taken as a whole. The accompanying Schedule of Federal Awards and State Financial Assistance for the twelve month period ended June 30, 2011, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

POWELL & JONES
Certified Public Accountants
August 19, 2011

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2011

ASSETS	
Cash and cash equivalents	\$ 395,690
Contributions receivable, net	171,526
Due from governmental units	1,670
Prepaid expenses	576
Certificates of deposit	95,524
Equipment	19,696
Less: accumulated depreciation	(15,206)
Total assets	<u>\$ 669,476</u>
LIABILITIES	
Accounts payable	1,465
Accrued expenses	9,465
Due to grantor	10,590
Due to affiliated agencies	8,893
Total liabilities	<u>30,413</u>
NET ASSETS	
Unrestricted, undesignated	421,584
Temporarily restricted	217,479
Total net assets	<u>639,063</u>
Total liabilities and net assets	<u>\$ 669,476</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF ACTIVITIES

For the Twelve Month Period Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
REVENUE AND OTHER SUPPORT			
Campaign revenue, net	\$ 418,848	\$ 74,362	\$ 493,210
Governmental grants	506,800	-	506,800
Donated facilities	18,835	-	18,835
Investment income	4,333	844	5,177
Fundraising	1,932	-	1,932
Donations	6,874	-	6,874
Endowment	14,286	-	14,286
Miscellaneous income	1,282	-	1,282
Total revenue and other support	<u>973,190</u>	<u>75,206</u>	<u>1,048,396</u>
EXPENSES			
Program services			
Community services	957,238	51,839	1,009,077
Supporting services			
General and administrative	57,871	-	57,871
Fundraising	1,935	-	1,935
Total expenses	<u>1,017,044</u>	<u>51,839</u>	<u>1,068,883</u>
Decrease in net assets	(43,854)	23,367	(20,487)
Net assets, beginning of year	<u>465,438</u>	<u>194,112</u>	<u>659,550</u>
Net assets, end of year	<u>\$ 421,584</u>	<u>\$217,479</u>	<u>\$ 639,063</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Twelve Month Period Ended June 30, 2011

	Program Services		Supporting Services		Totals Memorandum Only
	Community Service	General and Administrative	Fundraising		
Personnel Services					
Salaries and wages	\$ 27,835	\$ 41,067	\$ -	\$ 68,902	
Employee benefits	1,320	1,080	-	2,400	
Payroll taxes	9,104	3,350	-	12,454	
Total personnel services	38,259	45,497	-	83,756	
Operating expenses					
HPRP	375,715	-	-	375,715	
HUD HMIS	32,146	-	-	32,146	
Homeless Challenge Coalition	111,459	-	-	111,459	
Success by 6 program	95	-	-	95	
FSECC	2,264	-	-	2,264	
2-1-1 program	4,078	-	-	4,078	
Long-term Recovery	17,571	-	-	17,571	
Assistance to individuals	2,872	-	-	2,872	
Agency Funding	390,133	-	-	390,133	
Supplies	785	262	-	1,047	
Telephone	781	260	-	1,041	
Postage and shipping	857	285	-	1,142	
Insurance	1,772	591	-	2,363	
Fundraising events	-	-	1,935	1,935	
Occupancy	17,495	5,831	-	23,326	
Printing and publications	2,001	667	-	2,668	
Travel/training	1,112	371	-	1,483	
Conferences, conventions and meetings	1,123	-	-	1,123	
Professional fees	-	2,575	-	2,575	
Membership dues	7,456	-	-	7,456	
Miscellaneous	-	1,165	-	1,165	
Total operating expenses	969,715	12,007	1,935	983,657	
Total expenses before depreciation	1,007,974	57,504	1,935	1,067,413	
Depreciation	1,103	367	-	1,470	
Total expenses	\$ 1,009,077	\$ 57,871	\$ 1,935	\$ 1,068,883	

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.
STATEMENT OF CASH FLOWS
For the Twelve Month Period Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Support and revenues collected	
Campaign revenue, net	\$ 489,880
Government grants	483,609
Donation	6,874
Investment income	5,177
Fundraising	1,932
Endowment income	14,286
Miscellaneous income	1,282
Payments for expenses	
Compensation and related benefits	(74,291)
Suppliers and charitable expenses	(944,480)
Net cash used for operating activities	<u>(15,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(3,000)
Net redemption of certificates of deposits	104,405
Net cash provided by investing activities	<u>101,405</u>
Net increase in cash and cash equivalents	85,674
Cash and cash equivalents, beginning of year	<u>310,016</u>
Cash and cash equivalents, end of year	<u>\$ 395,690</u>
Change in net assets	<u>\$ (20,487)</u>
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	1,470
Decrease in prepaid expenses	628
Increase in receivables, net	(174)
Increase in accounts payable and current liabilities	2,832
Total adjustments	<u>4,756</u>
Net cash used for operating activities	<u>\$ (15,731)</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Suwannee Valley, Inc. (the Organization) is a non-profit voluntary health and welfare organization that receives funding in the form of contributions from individuals and businesses. The Organization provides funds to approved health and welfare organizations in the Suwannee Valley Basin which includes Columbia, Suwannee, Lafayette and Hamilton counties.

Basis of Accounting

United Way of Suwannee Valley, Inc. follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

Financial Statement Presentation

The Organization follows Statement of Financial Standards (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) based upon the existence or absence of donor-imposed restrictions.

United Way of Suwannee Valley, Inc. also follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All assets and all liabilities associated with the operation of the Organization are included on the statement of financial position. The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities.

Cash and Short-Term Investments

For purposes of the statement of cash flows, cash consists of cash in bank in the form of checking and money market funds. The Organization also held short-term investments in the form of certificates of deposit at June 30, 2011. Short-term investments are stated at fair value.

Promises to Give

Contributions are recognized when the donor makes a promise to give (a pledge) to the Organization that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which

the pledges are recognized. All other donor-restricted pledges are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization has established an allowance for uncollectible pledges. The allowance is an estimate based on management's analysis and prior experience with the collectability of outstanding pledges.

Deferred Revenue

The Organization reports deferred revenue, if applicable, on its statement of financial position. Deferred revenues arise when resources are received by the Organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Organization has a legal claim to due resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

Property and Equipment

The facilities used by the Organization are donated. In-kind rent and a contribution of donated facilities have been recognized in the statement of activities. Property and equipment consists of donated and purchased furnishings and equipment which have been capitalized at fair market value at time of donation or cost, if greater than \$500, and are depreciated using the straight line method over their estimated useful lives.

Contributed Services and Facilities

During the twelve month period ended June 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not historically material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in planning and conducting United Way affairs. \$54,724 in volunteer time was donated by various individuals. These either gave their time/services voluntarily or they were required to volunteer under a community service court-order or to fulfill a graduation requirement. This amount does not meet the criteria for recognition in the financial statements and accordingly has not been recorded. Contributed space has been recorded at estimated value of \$18,835 for the office location at 325 NE Hernando Street.

Fair Value of Financial Instruments

Cash, cash equivalents, short-term investments, and promises to give are reported in the statement of financial position at approximate fair values.

Income Taxes

The Organization is not a private foundation and is exempt from income tax under Internal Revenue Code section 501(c)(3). As such no provision for income tax is reflected in these financial statements. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax," with the Internal Revenue Service.

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.

Memorandum Only - Total Columns

NOTE 2. PROMISES TO GIVE (CONTRIBUTIONS) RECEIVABLE

Contributions receivable at June 30, 2011, consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
2010-11 Campaign Year	<u>170,293</u>	<u>37,569</u>	<u>207,862</u>
Less allowance for uncollectible pledges	<u>(29,819)</u>	<u>(6,579)</u>	<u>(36,398)</u>
	<u>\$ 140,474</u>	<u>\$ 30,990</u>	<u>\$ 171,464</u>

All amounts are due within one year.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and equipment	\$ 19,696
Less accumulated depreciation	<u>(15,206)</u>
	<u>\$ 4,490</u>

NOTE 4. PENSION PLAN

The Organization has adopted a tax sheltered retirement plan. This plan is a qualified defined contribution plan under Section 403(b)(7) of the Internal Revenue Code. Under this defined contribution type of plan, the Organization may make contributions to the plan on behalf of eligible employees or employees may make contributions. Employee benefit levels have been currently established at \$1,200 annually for all permanent full-time employees. Total payments to the employees for the twelve month period ended June 30, 2011, were \$6,000.

Since this is a defined contribution plan, there is no unfunded liability, normal cost, past or prior service cost, nor any current effects on pension costs under ERISA. None of the benefits exceed the total value of the pension fund since this is a defined contribution type plan. The plan is administered by the Organization through a contractual agreement with a servicing company.

NOTE 5. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

NOTE 6. CONTINGENCIES AND COMMITMENTS

Contingencies - There is a contingent liability due to the fact that all possible regulatory audits of the Organization have not been fully completed for the twelve month period ended June 30, 2011. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations could be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

compliance with grant regulations could be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

Operating Leases - The Organization has one operating lease with non-cancelable terms for office equipment. The future minimum lease payments for this lease at June 30, 2011 are as follows:

<u>June 30</u>	<u>Minimum Lease Payments</u>
2012	\$ 2,734
2013	2,734
2014	2,734
2015	2,734
2016	2,734
Thereafter	456
	<u>\$ 14,126</u>

NOTE 7. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2011, the total bank balances were \$491,214 of which all was covered by federal depository insurance.

NOTE 8. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 9. CHANGE IN FISCAL YEAR END

On April 15, 2010, the Board of Directors voted to change the Organization's fiscal year end from December 31 to June 30. This financial report provides the first twelve month report since the fiscal year end was changed.

NOTE 10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 19, 2011, the date the financial statements were available to be issued.

COMPLIANCE SECTION

UNITED WAY OF SUWANNEE VALLEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Twelve Month Period Ended June 30, 2011

Program	CFDA #	CSFA #	Grant Number	Award Amount	Reported in Prior Year	Fund Balance/		Revenue Recognized	Disbursements	Fund Balance/Deferred Revenue December 31, 2011
						Deferred Revenue January 1, 2011	Drawn			
FEDERAL AWARDS										
Nonmajor Programs:										
U.S. Department of HUD										
Homeless Management										
	14.235		FL015884H180801	\$ 32,146	\$ -	\$ -	\$ 32,146	\$ 32,146	\$ -	
Homeless Prevention and										
	14.257		CFZR2	710,091	334,376	13,316	387,352	375,715	-	
Rapid Rehousing										
Total federal awards				742,237	334,376	13,316	419,498	407,861	-	
STATE FINANCIAL ASSISTANCE										
Nonmajor Programs:										
Florida Department of Children and Families										
	60.014		CFZ21	\$ 94,527	\$ 58,812	\$ 13,031	\$ 11,568	\$ 35,715		
Homeless Challenge										
	60.021		CFZ26	63,397	-	-	63,397	63,397	-	
Homeless Coalition										
	60.021		CF902	12,347	-	-	12,347	12,347	-	
Homeless Coalition										
Total state financial assistance				170,271	58,812	13,031	87,312	111,459	-	
Total state and federal financial assistance				\$ 912,508	\$ 393,188	\$ 26,347	\$ 506,810	\$ 519,320	-	

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

UNITED WAY OF SUWANNEE VALLEY, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Twelve Month Period Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the United Way of Suwannee Valley, Inc. (the "Organization") have been designed to conform to generally accepted accounting principles as applicable to non-profit organizations, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

A. Reporting Entity

This reporting entity consists of the United Way of Suwannee Valley, Inc. The Organization includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they are earned. Expenses generally are recorded when a liability is incurred.

C. Grant Awards

As required by OMB Circular A-133, federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
United Way of Suwannee Valley, Inc.

We have audited the financial statements of the United Way of Suwannee Valley, Inc., as of and For the twelve month period ended June 30, 2011, and have issued our report thereon dated August 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting - In planning and performing our audit, we considered United Way of Suwannee Valley, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way of Suwannee Valley, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the United Way of Suwannee Valley, Inc.'s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

Financial Statement Preparation - A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of

technical knowledge than the competence required to prepare the financial statements and disclosures.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the United Way of Suwannee Valley, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

POWELL & JONES

August 19, 2011

MANAGEMENT LETTER

To the Board of Directors of
United Way of Suwannee Valley, Inc.

In planning and performing our audit of the financial statements of the United Way of Suwannee Valley, Inc., for the twelve month period ended June 30, 2011, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current period.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this twelve month period's audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by the employees and look forward to working with you in the future.

POWELL & JONES

Certified Public Accountants
August 19, 2011