

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements

Years Ended August 31, 2011 and 2010

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Independent Auditors' Report

Members of the Board of Directors
United Way of Southeast Alaska

Ladies and Gentlemen:

We have audited the accompanying statements of financial position of United Way of Southeast Alaska as of August 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of United Way of Southeast Alaska's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeast Alaska's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeast Alaska, as of August 31, 2011 and 2010 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.

Altman, Rogers & Co.

December 16, 2011

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UNITED WAY OF SOUTHEAST ALASKA

Statements of Financial Position

August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets:		
Cash and cash equivalents	\$ 201,833	239,362
Investments	80,464	30,178
Pledges receivable	124,816	151,193
Other receivable	-	2,680
Equipment, net of accumulated depreciation of \$9,871 in 2011 and \$23,676 in 2010	3,755	4,124
Total assets	<u>\$ 410,868</u>	<u>427,537</u>
 Liabilities:		
Accounts payable	4,968	9,595
Agency allocation payable	74,366	94,471
Accrued payroll	8,256	14,491
Deferred grant revenue	322	20,600
Other deferred revenue	1,500	-
Total liabilities	<u>89,412</u>	<u>139,157</u>
 Net assets:		
Unrestricted:		
Designated for:		
Property and equipment	3,755	4,124
Community impact	26,488	71,302
Undesignated	291,213	212,954
Total net assets	<u>321,456</u>	<u>288,380</u>
Total liabilities and net assets	<u>\$ 410,868</u>	<u>427,537</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Activities

Years ended August 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
SHARE campaign	\$ 23,773	-	23,773	35,701	-	35,701
Private campaign	174,421	-	174,421	208,308	-	208,308
Combined Federal campaign	5,337	-	5,337	7,045	-	7,045
Collections of prior year campaign contributions greater (less) than amount anticipated	6,292	-	6,292	15,987	-	15,987
Grant revenue	-	25,228	25,228	-	74,464	74,464
Net assets released from restriction	25,228	(25,228)	-	74,464	(74,464)	-
In Kind Contributions	18,926	-	18,926	31,469	-	31,469
Program Tuition	1,098	-	1,098	2,045	-	2,045
Interest income	551	-	551	591	-	591
Realized gains and losses	-	-	-	2,721	-	2,721
Miscellaneous income	19,880	-	19,880	9,682	-	9,682
Total revenues and support	275,506	-	275,506	388,013	-	388,013
Expenses:						
Program services:						
Fund distributions	32,496	-	32,496	44,616	-	44,616
Leadership Project	1,362	-	1,362	3,917	-	3,917
COMPASS	-	-	-	31,576	-	31,576
Juneau youth	25,228	-	25,228	-	-	-
Community impact	97,545	-	97,545	125,939	-	125,939
Total program services	156,631	-	156,631	206,048	-	206,048
Supporting services:						
Management and general	61,341	-	61,341	67,734	-	67,734
Fundraising	24,458	-	24,458	29,656	-	29,656
Total supporting services	85,799	-	85,799	97,390	-	97,390
Total expenses	242,430	-	242,430	303,438	-	303,438
Change in net assets	33,076	-	33,076	84,575	-	84,575
Net assets at beginning of year,	288,380	-	288,380	203,805	-	203,805
Net assets at end of year	\$ 321,456	-	321,456	288,380	-	288,380

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses

Years ended August 31, 2011 and 2010

2011

Expenses:	Program Services			Supporting Services		Total Program and Supporting Services	
	Fund Distributions	Leadership	Juneau Youth	Community Impact	Management and General		Fund Raising
\$ Salaries and benefits	9,284	-	7,100	18,839	28,100	9,284	72,607
Payroll taxes	810	-	-	2,206	3,074	810	6,900
Grants to agencies	-	-	-	35,000	-	-	35,000
Direct expense	-	112	9,015	-	-	-	9,127
Day of Caring project	-	-	-	1,438	-	-	1,438
Professional fees	3,463	1,250	5,500	21,783	10,540	3,331	45,867
Office rent	4,910	-	-	7,976	9,867	4,910	27,663
Telephone and internet	469	-	819	205	1,138	468	3,099
Office supplies	495	-	668	576	533	496	2,768
Printing	1,016	-	277	-	120	1,016	2,429
Postage	138	-	-	224	378	139	879
Advertising	2,128	-	1,076	4,137	196	2,129	9,666
Dues and subscriptions	259	-	-	1,263	360	259	2,141
UWA dues	-	-	-	-	2,766	-	2,766
Community relations	81	-	-	327	-	81	489
Fees and licenses	237	-	-	72	371	238	918
Insurance	481	-	-	763	667	481	2,392
Events & Meetings	267	-	773	932	593	266	2,831
Training & development	245	-	-	1,386	350	244	2,225
SHARE admin expense	7,907	-	-	-	-	-	7,907
Technology Plan Implementation	-	-	-	418	1,267	306	2,297
Technology Operations	306	-	-	-	1,021	-	1,021
Depreciation	-	-	-	-	-	-	-
Total expenses	\$ 32,496	1,362	25,228	97,545	61,341	24,458	242,430

(Continued)

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses, Continued

2010

	Program Services				Supporting Services		Total Program and Supporting Services
	Fund Distributions	Leadership	COMPASS	Community Impact	Management and General	Fund Raising	
				Total	Total	Total	
Expenses:							
Salaries and benefits	\$ 12,533	-	4,417	46,033	62,983	32,894	108,409
Payroll taxes	914	-	294	3,426	4,634	2,470	8,017
Grants to agencies	-	-	-	24,000	24,000	-	24,000
Direct expense	-	846	-	2,010	2,856	65	2,921
Day of Caring project	-	-	-	242	242	-	242
Professional fees	7,958	3,000	5,875	16,557	33,390	10,236	49,020
Office rent	2,678	-	623	11,864	15,165	7,011	24,853
Telephone and internet	376	-	104	1,362	1,842	989	3,207
Office supplies	283	-	53	1,462	1,798	960	3,041
Mileage	6	-	-	9	15	16	37
Printing	156	-	44	444	644	123	924
Postage	198	-	47	583	828	450	1,476
Advertising	921	-	43	2,494	3,458	886	5,265
Research & assessment	-	-	20,000	199	20,199	-	20,199
Dues and subscriptions	77	-	-	870	947	247	1,271
UWA dues	-	-	-	-	-	2,766	2,766
Community relations	27	-	-	285	312	121	460
Fees and licenses	355	-	-	357	712	703	1,770
Insurance	91	-	76	721	888	172	1,151
Events & Meetings	-	-	-	5,175	5,175	3,931	12,814
Training & development	75	71	-	324	470	188	732
SHARE admin expense	16,102	-	-	-	16,102	-	16,102
Technology Plan Implementation	1,541	-	-	6,448	7,989	1,986	11,517
Technology Operations	325	-	-	1,074	1,399	951	2,675
Depreciation	-	-	-	-	-	569	569
Total expenses	\$ 44,616	3,917	31,576	125,939	206,048	67,734	303,438

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Cash Flows

Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 33,076	84,575
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
Depreciation	1,021	569
Net realized gains	-	(2,721)
(Increase) decrease in:		
Pledge receivables	26,378	(9,090)
Other receivables	2,680	42,139
Prepaid expenses	-	64
(Increase) decrease in:		
Accounts payable	(4,627)	7,630
Agency allocation payable	(20,105)	(14,126)
Accrued payroll	(6,235)	2,340
Deferred revenue	(18,778)	15,600
Net cash provided by operating activities	<u>13,410</u>	<u>126,980</u>
Cash flows from investing activities:		
Additions to fixed assets	(653)	(3,563)
Purchase of investments	(50,286)	(30,178)
Sales of investments	-	29,645
Net cash provided by (used for) investing activities	<u>(50,939)</u>	<u>(4,096)</u>
Increase in cash and cash equivalents	(37,529)	122,884
Cash and cash equivalents at beginning of year	<u>239,362</u>	<u>116,478</u>
Cash and cash equivalents at end of year	<u>\$ 201,833</u>	<u>239,362</u>
Supplemental disclosures		
Noncash transactions		
In-kind contributions	<u>\$ 18,926</u>	<u>31,469</u>

See accompanying notes to financial statements.

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UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

August 31, 2011 and 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Organization and Purpose

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through three different fundraising campaigns: the private campaign, SHARE (State of Alaska) Campaign, and the Combined Federal Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

B. Basis of Accounting

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

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

Temporarily restricted net assets represent assets of UWSEAK whose use is limited by the donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of UWSEAK. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

Permanently restricted net assets represent the part of the net assets from contributions and grants whose use by UWSEAK is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWSEAK.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

E. Investments

UWSEAK classifies certificates of deposit with a maturity of greater than three months from year end as investments. Investments are carried at their fair values on the Statement of Financial Position.

F. Pledges Receivable

Pledges receivable consist of pledges made during the fall campaigns, net of amounts received during the campaign. No allowance for uncollectible pledges has been made as it is the opinion of management that uncollectible pledges are not material. All pledges receivable are unconditional promises to give and are expected to be received within one year. It is the policy of management to take losses on pledges in the year of occurrence.

G. Equipment

Software and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$500 are capitalized.

H. Agency Allocations Payable

Agency allocations are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions. SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Allocations payable consist of current year end amounts due from the previous year's fall campaign pledges.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

I. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2011 and 2010 advertising costs were \$9,666 and \$5,265, respectively.

J. Income Tax Status

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. It is the organization's policy to include penalties and interest associated with income taxes (if any) in income tax expense. The organization's 990 is open to audit from State or Federal taxing agencies, the tax years open for audit are 2008 to 2010.

K. Budgets

Budgets are adopted for operations annually and are revised as necessary throughout the year.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Fair Value of Financial Instruments

The organization must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the balance sheets for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

L. Donated Goods and Services

Donated goods pledged during the Fall 2010 campaign are recorded as revenue in the accompanying statement of activity as in-kind gifts at estimated fair values. Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under generally accepted accounting principles were not met.

II. CASH AND CASH EQUIVALENTS

The cash and cash equivalents at August 31, 2011 and 2010 consist of the following:

	2011		2010	
	Book <u>Balance</u>	Bank <u>Balance</u>	Book <u>Balance</u>	Bank <u>Balance</u>
Petty cash	\$ 300	-	300	-
Credit card deposit account	36,023	36,023	16,410	16,410
Money market	119,510	119,510	149,302	149,302
Checking	46,000	88,153	73,350	88,153
	<u>\$ 201,833</u>	<u>243,686</u>	<u>239,362</u>	<u>253,865</u>

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2011 and 2010 UWSEAK had no uninsured and uncollateralized deposits.

III. INVESTMENTS

UWSEAK has classified certificates of deposit as an investment at year end. Fair market value of the CDs at August 31, 2011 and 2010 was \$80,464 and \$30,178, respectively.

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

UWSEAK's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect The Company's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Given the narrow definition of Level 1 and The Company's investment asset strategy, all of The Company's investment assets are classified in Level 1. Changes in investments are run through the statement of activities as either interest income or realized gains or losses.

Investment earnings for the year ended August 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Interest Income	\$ <u>551</u>	<u>591</u>

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

IV. PLEDGES RECEIVABLE

The pledge receivable balance consist of pledges made during the Fall 2011 and 2010 campaigns, less any amounts received from those campaigns prior to August 31, 2011 and 2010, respectively. The amounts due for each campaign are as follows:

	<u>2011</u>	<u>2010</u>
Private Campaign	\$ 64,005	67,697
SHARE Campaign	36,946	52,714
Combined Federal Campaign	<u>23,865</u>	<u>30,782</u>
Total	\$ <u>124,816</u>	<u>151,193</u>

V. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions at August 31, 2011 and 2010, respectively, as follows:

	<u>2011</u>	<u>2010</u>
Rent	\$ -	6,087
Events	1,223	6,542
Office support	150	-
Professional Services	<u>17,553</u>	<u>18,840</u>
	\$ <u>18,926</u>	<u>31,469</u>

VI. EQUIPMENT

Equipment at August 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Office equipment	\$ 7,985	22,159
Penny machine	<u>5,641</u>	<u>5,641</u>
	13,626	27,800
Less: accumulated depreciation	<u>(9,871)</u>	<u>(23,676)</u>
Net	\$ <u>3,755</u>	<u>4,124</u>

Depreciation expense for fiscal years 2011 and 2010 were \$1,021 and \$569, respectively.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

VII. AGENCY ALLOCATION PAYABLE

The agency allocation payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution, of the previous fall pledges received. The previous fall campaign pledges are payable after August 31, 2011 and 2010, respectively. At August 31, 2011 and 2010 the agency allocation payable balances are as follows:

	<u>2011</u>	<u>2010</u>
Private Campaign	\$ 23,966	27,461
SHARE Campaign	29,771	41,575
CFC	<u>20,629</u>	<u>25,435</u>
Total agency	\$ <u>74,366</u>	<u>94,471</u>

VIII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2011, the date which the financial statements were available for issue.

