

UNITED WAY COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way Community Services, Inc.

We have audited the accompanying statements of financial position of United Way Community Services, Inc. (a nonprofit organization) as of June 30, 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 Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Community Services, Inc. as of June 30, 2011 and 2010, and the results of its activities and its cash flows for the years 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 September 6, 2011 on our consideration of United Way Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 audits.

Squire & Company, PC

September 6, 2011

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets:		
Cash	\$ 115,135	\$ 138,736
Accounts receivable	152,592	143,560
Prepaid expenses	<u>21,116</u>	<u>21,107</u>
Total current assets	288,843	303,403
Fixed Assets:		
Furniture and equipment	46,188	46,188
Vehicles	924,207	952,376
Accumulated depreciation	<u>(748,584)</u>	<u>(781,761)</u>
Net fixed assets	<u>221,811</u>	<u>216,803</u>
Total assets	<u><u>\$ 510,654</u></u>	<u><u>\$ 520,206</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 32,530	\$ 36,148
Due to United Way of Central and Southern Utah	33,106	44,784
Accrued compensated absences	<u>28,712</u>	<u>28,519</u>
Total current liabilities	94,348	109,451
Unrestricted Net Assets:		
Undesignated	306,306	300,755
Designated for benefits	<u>110,000</u>	<u>110,000</u>
Total unrestricted net assets	<u>416,306</u>	<u>410,755</u>
Total liabilities and net assets	<u><u>\$ 510,654</u></u>	<u><u>\$ 520,206</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES

Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets:		
Revenues and Support:		
Transportation services:		
Utah Transit Authority funding	\$ 1,374,757	\$ 1,530,095
Service provider contracts	102,131	90,249
Agency services	33,456	28,680
Rider fares	26,450	32,647
In-kind donations	<u>375,451</u>	<u>287,927</u>
Total transportation services	1,912,245	1,969,598
Other revenues	887	2,269
Gain on sale of fixed assets	<u>23,825</u>	<u>5,725</u>
Total revenues and support	1,936,957	1,977,592
Expenses:		
Program services:		
Paratransit program services	1,810,580	2,014,153
Supporting services:		
General and administrative	<u>120,826</u>	<u>122,358</u>
Total expenses	<u>1,931,406</u>	<u>2,136,511</u>
Change in Unrestricted Net Assets	5,551	(158,919)
Net Assets at Beginning of Year	<u>410,755</u>	<u>569,674</u>
Net Assets at End of Year	<u><u>\$ 416,306</u></u>	<u><u>\$ 410,755</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

	Paratransit Program Services	General and Administrative	Total
Salaries and wages	\$ 706,557	\$ 53,571	\$ 760,128
Employee benefits	121,045	16,979	138,024
Payroll taxes	52,963	4,313	57,276
Total personnel expenses	880,565	74,863	955,428
Bad debt	213	-	213
Conferences and training	427	3,780	4,207
Dues and subscriptions	1,335	-	1,335
Liability insurance	845	69	914
Occupancy costs	113,300	2,914	116,214
Repairs and maintenance	8,570	698	9,268
Postage	71	-	71
Printing and copying	3,212	-	3,212
Professional fees	-	21,086	21,086
Rewards	2,750	-	2,750
Supplies	4,453	363	4,816
Telephone	1,412	114	1,526
Travel and meals	4,068	1,389	5,457
Vehicle expense	493,114	-	493,114
Support services	190,938	15,550	206,488
Miscellaneous	885	-	885
Total before depreciation	1,706,158	120,826	1,826,984
Depreciation	104,422	-	104,422
Total functional expenses	<u>\$ 1,810,580</u>	<u>\$ 120,826</u>	<u>\$ 1,931,406</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2010

	Paratransit Program Services	General and Administrative	Total
Salaries and wages	\$ 786,463	\$ 58,347	\$ 844,810
Employee benefits	119,107	17,002	136,109
Payroll taxes	58,989	4,428	63,417
Total personnel expenses	964,559	79,777	1,044,336
Bad debt	396	-	396
Conferences and training	2,482	-	2,482
Dues and subscriptions	435	-	435
Liability insurance	942	71	1,013
Occupancy costs	113,393	2,698	116,091
Repairs and maintenance	13,531	1,018	14,549
Postage	45	-	45
Printing and copying	2,053	-	2,053
Professional fees	-	21,965	21,965
Rewards	5,127	-	5,127
Supplies	8,806	662	9,468
Telephone	1,544	116	1,660
Travel and meals	3,760	1,460	5,220
Vehicle expense	593,426	-	593,426
Support services	192,041	14,447	206,488
Miscellaneous	3,804	-	3,804
Total before depreciation	1,906,344	122,214	2,028,558
Depreciation	107,809	144	107,953
Total functional expenses	<u>\$ 2,014,153</u>	<u>\$ 122,358</u>	<u>\$ 2,136,511</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Change in net assets	\$ 5,551	\$ (158,919)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	104,422	107,953
Gain on sale of fixed assets	(23,825)	(5,725)
In-kind donation of equipment	(87,544)	-
Changes in operating assets and liabilities:		
Accounts receivable	(9,032)	12,554
Prepaid expenses	(9)	2,277
Accounts payable and accrued expenses	(3,618)	(4,519)
Due to United Way of Central and Southern Utah	(11,678)	15,284
Accrued compensated absences	193	1,153
Net cash used by operating activities	<u>(25,540)</u>	<u>(29,942)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	23,825	5,725
Purchases of fixed assets	<u>(21,886)</u>	<u>(1,177)</u>
Net cash provided by investing activities	<u>1,939</u>	<u>4,548</u>
Net Change in Cash	(23,601)	(25,394)
Cash at Beginning of Year	<u>138,736</u>	<u>164,130</u>
Cash at End of Year	<u>\$ 115,135</u>	<u>\$ 138,736</u>

Supplemental Data:

The Organization paid no interest or income taxes for the years ended June 30, 2010 and 2009.

The Organization received in-kind donations of \$87,544 and \$0 constituting 80 percent of the fair value of vehicles purchased during the years ended June 30, 2011 and 2010, respectively.

The accompanying notes are an integral part of these financial statements.

UNITED WAY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of United Way Community Services, Inc. (the Organization) have been prepared on the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – United Way Community Services, Inc. provides transportation services for disabled persons and senior citizens throughout Utah County. The Organization is exempt from federal income taxes under Internal Revenue Code section 501(a) and is classified as a section 501(c)(3) public charity.

Revenue Recognition – Revenues from grants and contracts are recognized in the period in which approved expenses are incurred or when services have been performed. No allowance for doubtful accounts has been established. Management believes all amounts are collectible.

Prepaid Expenses – Prepaid expenses consist of amounts paid for which the benefit extends beyond the current period. Prepaid expenses include insurance premiums and rent.

Fixed Assets – Equipment and vehicles are carried at cost or, if donated, at fair market value at the date of donation. Depreciation is computed on a straight-line basis over three to ten years.

Accounting 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.

Subsequent Events – The Organization has evaluated subsequent events through September 6, 2011, the date which the financial statements were available to be issued.

Note 2. Contributed Materials, Equipment, and Services

The Organization does not have title to all of the vehicles in its use. Some of the vehicles used by the Organization are owned by Utah Transit Authority (UTA) and are not listed as assets by the Organization. Management has estimated the fair lease value of the vehicles provided to the Organization at no cost by UTA and recorded that amount as revenue and expense in the Statements of Activities. The value of these contributions was \$118,800 for each of the years ended June 30, 2011 and 2010.

The Organization's service-provider contract with UTA was revised effective September 1, 2010. As part of the contract, the Organization receives fuel for its vehicles at no charge. The value of the fuel received from UTA at no charge was \$169,107 and \$169,127 for the years ended June 30, 2011 and 2010, respectively.

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

UNITED WAY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3. Economic Dependence

The Organization receives substantially all of its revenue from service-provider contracts and grants. Revenue from these contracts and grants is dependent upon the funding policies of the contractors and grantors and, as such, can be adjusted at any time.

Note 4. Related Party Transactions

The Organization is related to United Way of Central and Southern Utah (United Way) through common control, as one Board of Trustees governs both agencies. The Organization owed United Way \$33,106 and \$44,784 at June 30, 2011 and 2010, respectively.

The Board of Trustees approved a support services fee to be charged the Organization by United Way for administrative services. The management fee amount was \$206,488 for each of the years ended June 30, 2011 and 2010.

The Organization leases a parking lot from United Way. Lease expense was \$77,520 for each of the years ended June 30, 2011 and 2010. The Organization also subleases a portion of the building owned by United Way (see Note 6).

Note 5. Retirement Plan

A defined contribution plan is provided for all qualified employees who have been with the Organization for one or more years. The Organization contributes 5 percent of qualified employees' gross earnings to the plan. In addition, the Organization matches 50 percent of the first 6 percent of employee contributions. Organization contributions were \$41,233 and \$44,532 for the years ended June 30, 2011 and 2010, respectively.

Note 6. Lease Commitment

The Organization subleases a portion of the building leased by Community Action Services from United Way. Lease expense was \$32,694 and \$32,571 for each of the years ended June 30, 2011 and 2010. The lease agreement is for five years ending December 2011 with options to renew thereafter.

The future minimum annual lease commitment is \$14,400 for the year ending June 30, 2012.

OTHER INFORMATION



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Independent Auditor's 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*

Board of Trustees
United Way Community Services, Inc.

We have audited the financial statements of United Way Community Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 6, 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 Community Services, 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 United Way Community Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way Community Services, 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 a 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way Community Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 for the information of the Board of Trustees, management, and applicable granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

Squire & Company, PC

September 6, 2011