

**UNITED WAY OF CENTRAL
AND SOUTHERN UTAH**

FINANCIAL STATEMENTS

Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way of Central and Southern Utah

We have audited the accompanying statement of financial position of United Way of Central and Southern Utah (a nonprofit organization) as of June 30, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of United Way of Central and Southern Utah's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from United Way of Central and Southern Utah's 2010 financial statements and, in our report dated August 23, 2010, we expressed an unqualified opinion on those financial statements.

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 United Way of Central and Southern Utah as of June 30, 2011 and the results of its activities and its cash flows for the year 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 of Central and Southern Utah'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 audit.

Squire & Company, PC

September 6, 2011

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FINANCIAL POSITION

June 30, 2011, with Comparative Totals for 2010

	2011	2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 235,163	\$ 47,553
Pledges receivable, net of allowance for uncollectible pledges	558,827	596,374
Accounts receivable	56,079	72,207
Prepaid expenses and other current assets	13,762	13,759
Due from United Way Community Services	33,106	44,784
Total current assets	896,937	774,677
Fixed Assets:		
Building and improvements	2,296,711	2,271,208
Furniture and equipment	105,937	186,244
Accumulated depreciation	(775,812)	(760,805)
Net fixed assets	1,626,836	1,696,647
Other Assets:		
Loan fees, net of accumulated amortization	2,785	3,362
Restricted cash	48,379	109,250
Investments	990	990
Total other assets	52,154	113,602
Total assets	<u>\$ 2,575,927</u>	<u>\$ 2,584,926</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 108,302	\$ 128,535
Due to other organizations	98,459	82,951
Accrued expenses	89,708	91,620
Current portion of notes payable	74,536	70,107
Total current liabilities	371,005	373,213
Notes Payable , net of current portion	818,764	891,404
Total liabilities	1,189,769	1,264,617
Net Assets:		
Unrestricted	1,328,459	1,312,006
Temporarily restricted	57,699	8,303
Total net assets	1,386,158	1,320,309
Total liabilities and net assets	<u>\$ 2,575,927</u>	<u>\$ 2,584,926</u>

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

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues and Support:			
Total campaign pledges	\$ 1,558,361	\$ 127,500	\$ 1,685,861
Amounts designated by donors for specific organizations	(288,830)	-	(288,830)
Net pledge revenue	1,269,531	127,500	1,397,031
Uncollectible pledges	(88,150)	-	(88,150)
In-kind donations	728,895	-	728,895
Rent revenue	237,070	-	237,070
Federal grant revenue	468,874	-	468,874
Interest revenue	294	-	294
Support services income	206,488	-	206,488
Other	30,940	-	30,940
Net assets released from restrictions	78,104	(78,104)	-
Total revenues and support	2,932,046	49,396	2,981,442
Allocations and Expenses:			
Program services:			
Education	644,304	-	644,304
Income	1,405,202	-	1,405,202
Health	401,825	-	401,825
Citizen review	29,363	-	29,363
Supporting services:			
Resource development	236,935	-	236,935
Management and general	197,964	-	197,964
Total allocations and expenses	2,915,593	-	2,915,593
Change in Net Assets	16,453	49,396	65,849
Net Assets at Beginning of Year	1,312,006	8,303	1,320,309
Net Assets at End of Year	\$ 1,328,459	\$ 57,699	\$ 1,386,158

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

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011, with Comparative Totals for 2010

	Program Services				Supporting Services		Totals	
	Education	Income	Health	Citizen Review	Resource Development	Management and General	2011	2010
Salaries, wages, and stipends	\$ 281,634	\$ 210,599	\$ 129,115	\$ 17,803	\$ 110,348	\$ 85,490	\$ 834,989	\$ 900,075
Employee benefits	42,047	30,907	14,927	5,627	32,472	21,321	147,301	146,619
Payroll taxes	13,660	10,394	4,535	1,273	7,893	6,115	43,870	45,107
Total personnel expenses	337,341	251,900	148,577	24,703	150,713	112,926	1,026,160	1,091,801
Agency program funding and assistance	153,869	895,775	206,738	-	-	-	1,256,382	1,178,980
Campaign costs	-	-	-	-	32,423	-	32,423	33,321
Community resource direct expense	-	257	256	-	-	-	513	384
Conferences and training	9,547	5,276	3,730	-	2,817	9,541	30,911	23,633
Dues and subscriptions	2,959	1,742	1,742	-	989	1,072	8,504	9,384
Insurance	1,688	1,284	560	157	975	756	5,420	4,878
Interest	-	64,034	-	-	-	-	64,034	65,165
Miscellaneous	-	-	-	-	-	328	328	451
Postage and copies	5,429	3,623	2,672	15	2,749	1,999	16,487	17,587
Professional services and bank charges	59,964	30,589	14,564	-	16,800	31,398	153,315	125,881
Rent	25,318	19,266	8,405	2,360	14,631	11,336	81,316	77,591
Repairs and maintenance	5,794	8,249	2,061	517	3,897	2,180	22,698	16,245
Materials and supplies	18,904	17,859	2,564	14	432	1,310	41,083	54,695
Telephone	5,163	3,928	1,714	481	2,983	2,312	16,581	20,513
Travel	12,811	10,517	6,410	601	4,338	5,043	39,720	29,999
United Way of America support	-	-	-	-	-	15,294	15,294	14,797
Utilities	2,657	2,022	882	248	1,535	1,189	8,533	7,983
Total before depreciation	641,444	1,316,321	400,875	29,096	235,282	196,684	2,819,702	2,773,288
Depreciation	2,860	88,881	950	267	1,653	1,280	95,891	94,503
Total functional expenses	\$ 644,304	\$ 1,405,202	\$ 401,825	\$ 29,363	\$ 236,935	\$ 197,964	\$ 2,915,593	\$ 2,867,791

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

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF CASH FLOWS**

Year Ended June 30, 2011, with Comparative Totals for 2010

	2011	2010
Cash Flows from Operating Activities:		
Change in net assets	\$ 65,849	\$ 101,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	95,891	94,503
Changes in operating assets and liabilities:		
Due from United Way Community Services	11,678	(15,284)
Accounts receivable	16,128	(3,632)
Prepaid expenses and other current assets	(3)	(88)
Pledges receivable	37,547	(102,765)
Restricted cash	60,871	(53,273)
Accounts payable	(20,233)	21,912
Due to other organizations	15,508	(1,491)
Accrued expenses	(1,912)	2,190
Net cash provided by operating activities	<u>281,324</u>	<u>43,445</u>
Cash Flows from Investing Activities:		
Purchases of fixed assets	(25,503)	(199,216)
Cash Flows from Financing Activities:		
Proceeds from issuance of note payable	-	167,918
Principal payments on notes payable	<u>(68,211)</u>	<u>(59,281)</u>
Net cash provided (used) by financing activities	<u>(68,211)</u>	<u>108,637</u>
Net Change in Cash and Cash Equivalents	187,610	(47,134)
Cash and Cash Equivalents at Beginning of Year	<u>47,553</u>	<u>94,687</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 235,163</u></u>	<u><u>\$ 47,553</u></u>

Supplemental Data:

United Way paid \$64,034 in interest and no income taxes for the year ended June 30, 2011.

United Way had no noncash investing or financing activities during the year ended June 30, 2011.

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

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of United Way of Central and Southern Utah (United Way) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The primary objective of United Way is to increase the organized capacity of people to care for one another. This is done through campaigns for donations that are managed and distributed to nonprofit agencies affiliated with United Way.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with United Way’s financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Income Taxes – United Way 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 – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges receivable are considered unrestricted.

Pledges for contributions are recorded as unrestricted support when pledged. The allowance for uncollectible pledges is estimated based on historical collection experience. The allowance for uncollectible pledges was \$120,000 at June 30, 2011. Pledged contributions not received from the prior year’s campaign are netted against designated pledge contributions of the prior year’s campaign as uncollectible pledges. Uncollectible pledges were \$88,150 for the year ended June 30, 2011.

Cash and Cash Equivalents – Cash and cash equivalents consist of monies in the form of cash in banks, certificates of deposit, and money market accounts.

Fixed Assets – Fixed assets are stated at cost or, if donated, at fair value as of the donation date. Fixed assets are depreciated using the straight-line method, with useful lives as follows:

Furniture and equipment	3 to 10 years
Building and improvements	40 years

Loan Fees – Loan fees are amortized over the life of the related loan using the straight-line method. Accumulated amortization was \$9,363 at June 30, 2011.

Temporarily Restricted Net Assets – United Way receives donations that are specifically restricted by the donor. United Way had \$57,699 restricted by donors at June 30, 2011.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 – United Way evaluated subsequent events through September 6, 2011, the date which the financial statements were available to be issued.

Note 2. Functional Expenses

The statement of activities reflects expenses by functional area. The following is a description of the functional areas:

Education – includes funding of internal and community partners’ programs that provide free home visitations to first-time parents, provide basic necessities and support early intervention programs.

Income – includes funding of internal and community partners’ programs that help build financially stable families by assisting with income tax preparation, utilities assistance, job skills training, adult literacy programs and more.

Health – includes funding of internal and community partners’ programs that help create a healthier Utah County through promoting health education and preventative care, reducing child abuse and domestic violence, and providing access to critical healthcare services.

Citizen Review – includes the entire community review of United Way funded community programs that are producing measurable outcomes that show long-lasting change. Includes recruitment and training of volunteers and communication with agencies regarding funding.

Resource Development – includes recruitment, training, employee meetings, mailings, brochures, pledge cards, promotional materials, company visits, or other activities related to the raising of funds.

Management and General – includes board meetings, executive direction and planning, personnel and office management, accounting and bookkeeping, and file maintenance.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS

Note 3. Building Acquisition and Lease

During the fiscal year ended June 30, 2001, a building was purchased, remodeled, and leased to Community Action Services (CAS), a member agency. To purchase and remodel the building, United Way borrowed \$1,203,691 and entered into a lease agreement with CAS. The agreement obligates CAS to pay United Way \$12,704 per month plus the cost of all improvements made at the request of CAS. The term of the lease is 20 years ending August 2020. United Way received \$159,550 in rent from CAS for the year ended June 30, 2011.

Lease revenue for the lease term is as follows:

Year Ending June 30,	
2012	\$ 152,448
2013	152,448
2014	152,448
2015	152,448
2016	152,448
Thereafter	635,200

Note 4. Notes Payable

United Way assumed debt to purchase and remodel the building occupied by CAS and UWCS (see Notes 3 and 6). All notes payable are secured by the building. Notes payable at June 30, 2011 consisted of the following:

Note payable to a bank, interest at 6.3 percent, monthly payments of \$4,793; due December 2014	\$ 385,761
Note payable to a bank, interest at 6.4 percent, monthly payments of \$2,539; due December 2014	273,203
Note payable to a bank, interest at 5.8 percent, monthly payments of \$3,215; due December 2018	234,336
	<u>893,300</u>
Current portion	<u>(74,536)</u>
Long-term portion	<u>\$ 818,764</u>

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS

Note 4. Notes Payable (Continued)

A summary of principal debt requirements to maturity for notes payable for the years following June 30, 2011 is as follows:

<u>Year Ending</u> <u>June 30,</u>	
2012	\$ 74,536
2013	79,245
2014	84,251
2015	533,146
2016	32,352
Thereafter	<u>89,770</u>
	<u><u>\$ 893,300</u></u>

Note 5. Operating Leases

United Way entered into a 15-year lease agreement expiring October 2023 for office space with a monthly lease payment of \$6,163. The monthly lease payment is subject to a 3 percent annual increase. Total rent expense was \$73,989 for the year ended June 30, 2011.

United Way entered into a four-year lease agreement for office equipment. Monthly lease payments are \$410 and expire May 2013. Total lease expense was \$4,977 for the year ended June 30, 2011.

The minimum annual lease payments on these two leases are estimated to be as follows:

<u>Year Ending</u> <u>June 30,</u>	
2012	\$ 84,942
2013	86,933
2014	84,897
2015	87,444
2016	90,067
Thereafter	748,123

Note 6. Related Party Transactions

United Way is related to United Way Community Services (UWCS) through common control, as one Board of Trustees governs both agencies. UWCS owed United Way \$33,106 at June 30, 2011.

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS**

Note 6. Related Party Transactions (Continued)

United Way charged UWCS a support services fee of \$206,488 for the year ended June 30, 2011. The Board intends to continue charging UWCS this fee for administrative services provided.

United Way leases a parking lot to UWCS for \$6,460 per month. Total rent received was \$77,520 for the year ended June 30, 2011. UWCS also subleases a portion of a building owned by United Way (see Note 4) for \$2,400 per month.

Note 7. Retirement Plan

A defined contribution plan is provided for all full-time employees who have been with United Way for one or more years. United Way contributes 5 percent of qualified employees' gross earnings to the plan. In addition, United Way matches 50 percent of the first 6 percent of employee contributions. United Way contributions amounted to \$30,572 for the year ended June 30, 2011.

Note 8. Contributed Materials, Equipment, and Services

Contributed materials and equipment are reflected as in-kind donations in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for contributed 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 United Way.

Note 9. Support Services

United Way's Resource Development and Management and General functions as a percentage of total gross revenue for the year ended June 30, 2011 is as follows:

Resource Development	7.1%
Management and General	5.9%

These percentages are calculated by dividing the Resource Development and Management and General functions by total gross revenue. Total gross revenue is calculated as follows for the year ended June 30, 2011:

Total revenue and support	\$ 2,981,442
Uncollectible pledges	88,150
Amounts designated by donors for specific organizations	<u>288,830</u>
Total gross revenue	<u><u>\$ 3,358,422</u></u>

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS**

Note 10. Community Support

United Way's expenditures for initiatives during the year ended June 30, 2011 are as follows:

	<u>Education</u>	<u>Income</u>	<u>Health</u>	<u>Total</u>
Agency Program Funding:				
Alpine House	\$ -	\$ -	\$ 12,350	\$ 12,350
American Red Cross	-	43,700	-	43,700
Boys and Girls Club	15,200	13,300	-	28,500
Center for Women and Children in Crisis	9,500	-	38,000	47,500
Centro Hispano	-	12,350	5,225	17,575
Community Action Services	-	47,500	-	47,500
Community Health Connect	-	-	14,250	14,250
Crisis Line	-	-	19,000	19,000
Family Support & Treatment Center	73,150	-	10,450	83,600
Habitat for Humanity	-	13,300	-	13,300
Kids Cause	14,250	-	-	14,250
Kids on the Move	14,250	-	5,035	19,285
Mountainlands Community Health Center	-	-	30,400	30,400
Project Read	475	9,500	-	9,975
Recreation and Habilitation Services	14,250	2,850	62,869	79,969
Rural Housing	-	4,275	-	4,275
Utah Legal Services	-	9,500	-	9,500
Volunteer Care Clinic	-	-	8,550	8,550
Other	12,794	26,378	609	39,781
	<u>153,869</u>	<u>182,653</u>	<u>206,738</u>	<u>543,260</u>
Gifts in kind	-	713,122	-	713,122
Total agency program funding	153,869	895,775	206,738	1,256,382
United Way Programs:				
211 Information and Referral	38,125	33,545	31,422	103,092
Community Committees	29,390	15,139	16,243	60,772
Continuum of Care	-	15,030	-	15,030
Day of Caring	15,069	16,322	10,443	41,834
Grandfamilies	55,317	-	-	55,317
Help Me Grow	79,869	-	-	79,869
Professional Support to Agencies	16,430	82,690	10,311	109,431
Reading, tutoring, and mentoring	9,834	-	-	9,834
Sub for Santa	-	68,862	-	68,862
Volunteer Income Tax Assistance (VITA)	-	58,004	-	58,004
Volunteers in Service to America (VISTA)	110,677	80,118	79,858	270,653
Volunteer Care Clinic	-	-	15,423	15,423
Welcome Baby	76,463	-	-	76,463
Other	56,401	50,836	30,437	137,674
Total United Way programs	<u>487,575</u>	<u>420,546</u>	<u>194,137</u>	<u>1,102,258</u>
Total expenses before depreciation	<u>\$ 641,444</u>	<u>\$ 1,316,321</u>	<u>\$ 400,875</u>	<u>\$ 2,358,640</u>

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 of Central and Southern Utah

We have audited the financial statements of United Way of Central and Southern Utah (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 of Central and Southern Utah'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 of Central and Southern Utah's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way of Central and Southern Utah'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 of Central and Southern Utah'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