

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**FINANCIAL REPORT**

**For the Six Month Period Ended June 30, 2010**

**UNITED WAY OF SUWANNEE VALLEY, INC.**

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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, 2010, and the related statements of activities, functional expenses, and cash flows for the six 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, 2010, and the changes in its net assets and its cash flows for the six 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 October 4, 2010, 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 six month period ended June 30, 2010, 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  
October 4, 2010

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2010

<b>ASSETS</b>	
Cash and cash equivalents	\$ 310,016
Contributions receivable, net	168,196
Due from governmental units	4,826
Prepaid expenses	1,204
Certificates of deposit	199,928
Equipment	27,774
Less: accumulated depreciation	(24,814)
Total assets	<u>\$ 687,130</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,234
Deferred revenue	26,347
Total liabilities	<u>27,581</u>
<b>NET ASSETS</b>	
Unrestricted, undesignated	523,297
Temporarily restricted	136,252
Total net assets	<u>659,549</u>
Total liabilities and net assets	<u>\$ 687,130</u>

See notes to financial statements.

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**STATEMENT OF ACTIVITIES**

**For the Six Month Period Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Campaign revenue, net	\$148,410	\$ -	\$148,410
Governmental grants	251,021	-	251,021
Long-term recovery income	-	12,107	12,107
Donated facilities	4,200	-	4,200
Investment income	3,063	-	3,063
Fundraising	411	-	411
Donations	3,295	-	3,295
Endowment	14,751	-	14,751
Miscellaneous income	8,775	-	8,775
Total revenue and other support	<u>433,926</u>	<u>12,107</u>	<u>446,033</u>
<b>EXPENSES</b>			
Program services			
Community services	448,417	89,004	537,421
Supporting services			
General and administrative	27,838	-	27,838
Fundraising	172	-	172
Total expenses	<u>476,427</u>	<u>89,004</u>	<u>565,431</u>
Decrease in net assets	(42,501)	(76,897)	(119,398)
Net assets, beginning of six month period	<u>565,798</u>	<u>213,149</u>	<u>778,947</u>
Net assets, end of six month period	<u>\$523,297</u>	<u>\$136,252</u>	<u>\$659,549</u>

See notes to financial statements.

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Six Month Period Ended June 30, 2010**

	Program Services		Supporting Services		Totals Memorandum Only
	Community Service	General and Administrative	Fundraising		
<b>Personnel Services</b>					
Salaries and wages	\$ 73,822	\$ 15,757	\$ -	\$ 89,579	
Employee benefits	2,665	235	-	2,900	
Payroll taxes	5,647	1,246	-	6,893	
<b>Total personnel services</b>	<b>82,134</b>	<b>17,238</b>	<b>-</b>	<b>99,372</b>	
<b>Operating expenses</b>					
HPRP	138,598	-	-	138,598	
HUD HMIS	3,310	-	-	3,310	
Homeless Challenge	53,774	-	-	53,774	
Success by 6 program	2	-	-	2	
Volunteer Center	220	-	-	220	
2-1-1 program	138	-	-	138	
Long-term Recovery	14,703	-	-	14,703	
Agency funding	230,175	-	-	230,175	
Supplies	332	111	-	443	
Telephone	561	187	-	748	
Postage and shipping	480	160	-	640	
Insurance	1,914	638	-	2,552	
Rental and maintenance of equipment	1,331	444	-	1,775	
Fundraising/events	-	-	172	172	
Occupancy	4,452	1,484	-	5,936	
Printing and publications	218	73	-	291	
Travel/training	814	271	-	1,085	
Conferences, conventions and meetings	161	-	-	161	
Professional fees	-	4,400	-	4,400	
Membership dues	3,975	-	-	3,975	
Miscellaneous	-	2,790	-	2,790	
<b>Total operating expenses</b>	<b>455,158</b>	<b>10,558</b>	<b>172</b>	<b>465,888</b>	
<b>Total expenses before depreciation</b>	<b>537,292</b>	<b>27,796</b>	<b>172</b>	<b>565,260</b>	
Depreciation	129	42	-	171	
<b>Total expenses</b>	<b>\$ 537,421</b>	<b>\$ 27,838</b>	<b>\$ 172</b>	<b>\$ 565,431</b>	

See notes to financial statements.



**UNITED WAY OF SUWANNEE VALLEY, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Six Month Period Ended June 30, 2010

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Support and revenues collected	
Campaign revenue, net	\$ 208,032
Government grants	245,090
Donation	18,046
Long-term recovery income	12,107
Investment income	3,063
Fundraising	411
Miscellaneous income	8,775
Payments for expenses	
Compensation and related benefits	(525,659)
Suppliers and other	(29,802)
Net cash used for operating activities	<u>(59,937)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net redemption of certificates of deposits	<u>73,538</u>
Net cash provided by investing activities	<u>73,538</u>
 Net increase in cash and cash equivalents	 13,601
 Cash and cash equivalents, beginning of year	 <u>296,415</u>
Cash and cash equivalents, end of year	<u>\$ 310,016</u>
 Change in net assets	 <u>\$ (119,398)</u>
 Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	171
Increase in prepaid expenses	(191)
Decrease in receivables, net	58,294
Increase in accounts payable and current liabilities	<u>1,187</u>
Total adjustments	<u>59,461</u>
Net cash used for operating activities	<u>\$ (59,937)</u>

See notes to financial statements.

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

**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, 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, 2010. 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 six month period ended June 30, 2010, 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. \$52,583 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 \$4,200 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

The total column on the Statement of Functional Expenses is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations or functional expenses in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 2. PROMISES TO GIVE (CONTRIBUTIONS) RECEIVABLE**

Contributions receivable at June 30, 2010, consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
2010 Campaign Year	\$ 178,757	\$ 26,661	\$ 205,418
2011 Campaign Year	14,132	-	14,132
	<u>192,889</u>	<u>26,661</u>	<u>219,550</u>
Less allowance for uncollectible pledges	(44,689)	(6,665)	(51,354)
	<u>\$ 148,200</u>	<u>\$ 19,996</u>	<u>\$ 168,196</u>

All amounts are due within one year.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Furniture and equipment	\$ 27,774
Less accumulated depreciation	24,814
	<u>\$ 2,960</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 six month period ended June 30, 2010, were \$3,250.

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**

There is a contingent liability due to the fact that all possible regulatory audits of the Organization have not been fully completed for the six month period ended June 30, 2010. 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.

**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, 2010, the total bank balances were \$509,920 of which all was covered by federal depository insurance.

**NOTE 9. 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 10. 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 a transition report to the new year end.

**COMPLIANCE SECTION**

UNITED WAY OF SUWANNEE VALLEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Six Month Period Ended June 30, 2010

Program	CFDA #	Grant Number	Award Amount	Reported in Prior Year	Fund Balance/		Revenue Recognized	Disbursements	Fund Balance/ Deferred Revenue December 31, 2010
					Deferred Revenue January 1, 2010	Drawn			
<b>FEDERAL AWARDS</b>									
Nonmajor Programs:									
U.S. Department of HUD									
Homeless Management									
	14.235	FL0158B4H180801	\$ 32,146	\$ 23,646	\$ -	\$ 8,500	\$ 8,500	\$ -	
Homeless Prevention and									
	14.257	CFZR2	560,091	154,740	13,316	172,754	172,754	26,347	
Total federal awards			\$ 592,237	\$ 178,386	\$ 13,316	\$ 181,254	\$ 181,254	\$ 26,347	
<b>STATE FINANCIAL ASSISTANCE</b>									
Nonmajor Programs:									
Florida Department of Children and Families									
	60.014	CFZ21	\$ 96,000	\$ 18,542	\$ 13,031	\$ 64,000	\$ 64,000	\$ -	
	60.021	CF602	60,432	54,829	-	3,982	3,982	-	
	60.021	CF902	11,850	10,065	-	1,785	1,785	-	
Total state financial assistance			\$ 168,282	\$ 83,436	\$ 13,031	\$ 69,767	\$ 69,767	\$ -	

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 Six Month Period Ended June 30, 2010

**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 six month period ended June 30, 2010, and have issued our report thereon dated October 4, 2010. 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 United Way of Suwannee Valley, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether 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 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 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**  
October 4, 2010

## **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 six month period ended June 30, 2010, 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 six 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  
October 4, 2010