

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Champaign, Illinois

**Financial Statements**

For the Year Ended

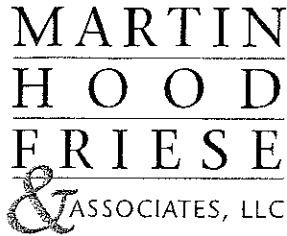
June 30, 2009

MARTIN, HOOD, FRIESE & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Champaign County, Illinois, Inc.  
Champaign, Illinois

We have audited the accompanying statement of financial position of United Way of Champaign County, Illinois, Inc. (a nonprofit organization) as of June 30, 2009 and the related statements of activities, functional expenses, and cash flows for the year 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. 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 Champaign County, Illinois, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Martin, Hood, Friese & Associates, LLC*

September 16, 2009

## UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

## Statement of Financial Position

June 30, 2009

## ASSETS

**Current Assets**

Cash	\$ 636,367
Restricted Cash	119,566
Contributions Receivable, Net of Allowance of \$174,897	1,038,623
Prepays and Other Current Assets	16,768
Total Current Assets	<u>1,811,324</u>

**Property and Equipment, Net**

435,399

**Investments**1,097,394

## Total Assets

\$ 3,344,117

## LIABILITIES AND NET ASSETS

**Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 32,520
Designations Payable	460,645
Allocations Payable	1,155,250
Total Current Liabilities	<u>1,648,415</u>

**Net Assets**

## Unrestricted:

Undesignated	651,066
Board Designated	203,882
Total Undesignated	<u>854,948</u>
Temporarily Restricted	148,769
Permanently Restricted	691,985
Total Net Assets	<u>1,695,702</u>

## Total Liabilities and Net Assets

\$ 3,344,117

The notes following this Exhibit are an integral part of this financial statement.

## UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

## Statement of Activities

For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Campaign Contributions	\$ 2,197,560	\$ 90,312	\$ 4,619	\$ 2,292,491
Contributions - Future Campaign	-	8,000	-	8,000
Provision for Uncollectible Pledges	(148,118)	-	-	(148,118)
Net Contributions	2,049,442	98,312	4,619	2,152,373
Management Fees - Designated Pledges	65,304	-	-	65,304
Grant Revenue	-	25,000	-	25,000
Sponsorship Revenue	-	11,477	-	11,477
Other Income	8,793	-	-	8,793
Endowment Contributions	-	-	33,000	33,000
Interest, Dividends, and Realized Gain (Loss)	23,895	-	-	23,895
Net Unrealized Gain (Loss) on Investments	(85,834)	-	(27,943)	(113,777)
Net Assets Released from Restrictions	62,681	(62,681)	-	-
<b>Total Support and Revenue</b>	<u>2,124,281</u>	<u>72,108</u>	<u>9,676</u>	<u>2,206,065</u>
<b>Expenses</b>				
Program Services	1,610,044	-	-	1,610,044
Supporting Services:				
Resource Development	347,736	-	-	347,736
Administration and General	197,470	-	-	197,470
Total Supporting Services	545,205	-	-	545,205
Total Expenses	2,155,249	-	-	2,155,249
<b>Change in Net Assets</b>	(30,968)	72,108	9,676	50,816
<b>Net Assets, July 1, 2008</b>	885,916	76,661	682,309	1,644,886
<b>Net Assets, June 30, 2009</b>	<u>\$ 854,948</u>	<u>\$ 148,769</u>	<u>\$ 691,985</u>	<u>\$ 1,695,702</u>

The notes following this Exhibit are an integral part of this financial statement.

## UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

## Statement of Functional Expenses

For the Year Ended June 30, 2009

	Program Services	Supporting Services			Total
		Resource Development	Administration and General	Total Supporting Services	
<i>Direct Program Costs</i>					
Program Funding Allocations	\$ 1,213,316	\$ -	\$ -	\$ -	\$ 1,213,316
Special Projects	49,993	-	-	-	49,993
<i>Personnel Costs</i>					
Salaries	221,512	204,448	114,940	319,388	540,900
Employee Benefits	36,604	29,722	9,306	39,028	75,632
Payroll Taxes	16,818	15,353	8,584	23,937	40,755
Workers Compensation	930	859	483	1,342	2,272
Contractual Services	-	-	8,500	8,500	8,500
<i>Professional Services</i>					
Audit Services	-	-	11,200	11,200	11,200
Legal Services	-	-	127	127	127
<i>Office Expenses</i>					
Office Supplies	2,477	2,286	1,285	3,572	6,049
Postage	1,821	1,681	945	2,626	4,447
<i>Occupancy Costs</i>					
Depreciation	14,094	14,094	7,047	21,140	35,234
Building Maintenance	6,536	6,536	3,268	9,803	16,339
Equipment Maintenance	5,666	5,230	2,940	8,170	13,836
Utilities	4,428	4,428	2,214	6,642	11,070
Computer Support Agreement	1,662	3,893	862	4,755	6,417
Telephone	2,473	2,283	1,283	3,566	6,039
Building Insurance	1,531	1,531	765	2,296	3,827
<i>Marketing &amp; Communication Costs</i>					
Marketing Expenses	5,578	5,578	-	5,578	11,156
Annual Campaign Expenses	-	18,212	-	18,212	18,212
Leadership Giving	-	10,412	-	10,412	10,412
Combined Federal Campaign Expenses	-	5,358	-	5,358	5,358
Volunteerism	3,688	-	-	-	3,688
Community Impact Expense	1,938	-	-	-	1,938
Planned Giving Expenses	-	847	-	847	847
Emerging Community Leaders Expenses	1,311	-	-	-	1,311
<i>Other Expenses</i>					
Affiliation Dues	13,262	12,240	6,881	19,121	32,383
Meals, Entertainment, and Events	1,061	150	3,091	3,241	4,302
Service Charges	-	-	10,924	10,924	10,924
Mileage	137	741	172	913	1,050
Training and Conferences	1,529	(106)	967	861	2,390
Dues & Subscriptions	325	712	982	1,694	2,019
Directors/Officers/Programs Insurance	1,301	1,200	675	1,875	3,176
Miscellaneous	53	49	28	77	130
Total Expenses	<u>\$ 1,610,044</u>	<u>\$ 347,736</u>	<u>\$ 197,470</u>	<u>\$ 545,205</u>	<u>\$ 2,155,249</u>

The notes following Exhibit D are an integral part of this financial statement.

## UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

## Statement of Cash Flows

June 30, 2009

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 50,816
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	35,234
Reinvested Dividends	(22,831)
Net Unrealized Loss on Investments	107,260
Contributions Received in the Form of Investments	(48,667)
Increase (Decrease) in Assets:	
Contributions Receivable, Net	84,184
Prepaid Expenses and Other Assets	4,225
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	3,125
Designations Payable	(14,343)
Allocations and Vision Grants Payable	118,893
Net Cash Provided by Operating Activities	<u>317,896</u>
<b>Cash Flows From Investing Activities</b>	
Purchases of Property and Equipment	(8,098)
Sale of Investments	15,109
Net Cash Provided by Investing Activities	<u>7,011</u>
<b>Net Increase in Cash</b>	324,907
<b>Cash, July 1, 2008</b>	<u>431,026</u>
<b>Cash, June 30, 2009</b>	<u>\$ 755,933</u>

The notes following this Exhibit are an integral part of this financial statement.

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Notes to Financial Statements

June 30, 2009

**1. Description of Operations**

United Way of Champaign County, Illinois, Inc. (the Organization) is a nonprofit corporation organized to strengthen our community through leadership in mobilizing resources to meet human care needs in Champaign County, Illinois. The Organization focuses on the most pressing needs of Champaign County by mobilizing financial, volunteer, and informational resources.

United Way of Champaign County, Illinois, Inc. focuses its resources on three investment areas based on the results of a local community-wide needs assessment. The investment areas are (listed in no particular priority order):

- a. Success By 6 – Providing solid foundations for our children
- b. Youth – Guiding the development of our youth
- c. Basic Needs – Building self-sufficiency and responding to crisis

The Organization's responsibility is to mobilize the Champaign County community to create sustained changes in community conditions, thereby improving lives on a long-term basis. The Organization's primary means of positively impacting the community is through funding processes and program funding. Organizations must apply for funding each biennial cycle for on-going program support. While program funding is a two-year commitment to support a program's ongoing needs, the Organization also administers a Safety Net fund to meet emergent needs in the community. All funded programs are expected to provide measurable results through clearly defined outcomes.

United Way of Champaign County, Illinois, Inc. also utilizes several other strategies to strengthen our community. The Organization mobilizes volunteer resources, provides management assistance to funded programs, participates in community-wide organizations to develop alliances and networks, promotes public awareness of community needs, and advocates for issues on local, state, and national level.

**2. Significant Accounting Policies**

Following is a summary of the significant accounting policies of the Organization:

- a. The financial statements of United Way of Champaign County, Illinois, Inc. have been prepared on the accrual basis of accounting. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:
  - *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations
  - *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way of Champaign County, Illinois, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
  - *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by United Way of Champaign County, Illinois, Inc.
- b. Restricted cash as of June 30, 2009, consists of funds received but not paid out related to the East Central Illinois Combined Federal Campaign and the Parkland College Combined Federal Campaign.
- c. Investments are stated at the readily determinable fair market value.
- d. Property and equipment are recorded at cost, or if donated, at the fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.
- e. 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period, including the allocation of certain expenses such as wages between program services, administration, and fundraising. Accordingly, actual results could differ from these estimates.

The Organization has estimated the amount of pledges receivable that will not be collected based on experience gained from prior years' campaigns. The amount of the allowance is subject to some degree of uncertainty and it is at least reasonably possible that the actual amount of uncollected pledges will differ from the estimate.

The Organization has also estimated the amount of future endowment pledge receivable based on estimated future dividends and stock appreciation/depreciation related to a specific endowment fund pledge. The amount reflected as a receivable is subject to some degree of uncertainty and it is at least reasonably possible that the actual amount received will differ from the current estimate.

- f. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- g. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

### **3. Collateralization of Cash and Investments**

As of June 30, 2009, the Organization had total cash on hand and at financial institutions of \$786,112, adjusted for outstanding items to a balance of \$755,933. Of the amount on deposit, \$404,175 was covered by federal deposit insurance, and \$381,936 was uninsured and uncollateralized. In addition, included in investments is \$630,933 of certificates of deposit and money market funds, which are all insured and collateralized.

### **4. Investments**

Effective January 1, 2008, the Organization adopted Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (SFAS 157), which establishes a framework for measuring fair value under generally accepted accounting principles. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are described below:

Level 1: Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation techniques used for assets measured at fair value is included in Note 2. There have been no changes in the methodologies used.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments at June 30, 2009 are summarized as follows:

Investments	Unrestricted		Permanently Restricted		Fair Value Level
	Cost	Fair Value	Cost	Fair Value	
Pooled Endowment	\$ -	\$ -	\$ 479,452	\$ 411,621	1
Certificates of Deposit	453,686	453,686	-	-	1
Equities	-	-	109,092	47,628	1
Government Bonds	-	-	5,224	5,224	1
Money Market	177,247	177,247	1,988	1,988	1
Total Investments	<u>\$ 630,933</u>	<u>\$ 630,933</u>	<u>\$ 595,756</u>	<u>\$ 466,461</u>	

The objective of the Organization is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes targets of 65 percent equity and 35 percent fixed income securities that is intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk. Composition of and changes in the pooled endowment fund were as follows:

July 1, 2008	\$ 484,253
Contributions	4,619
Unrealized Gain (Loss)	(77,251)
June 30, 2009	<u>\$ 411,621</u>

**5. Property and Equipment, Net**

Property and equipment consists of the following as of June 30, 2009:

Land	\$ 72,250
Buildings and Improvements	610,116
Furniture and Equipment	167,818
Software	33,662
Total Property and Equipment	<u>883,846</u>
Less: Accumulated Depreciation	<u>(448,447)</u>
Property and Equipment, Net	<u>\$ 435,399</u>

**6. Line of Credit**

The Organization has an established line of credit of \$300,000, which matures in November 2009. The line of credit is secured by all assets of the Organization. Under this agreement, interest is calculated at the prime rate, which as of June 30, 2009 was 3.25 percent. There was no balance outstanding as of June 30, 2009.

**7. Board Designated Net Assets**

Board designated net assets consist of the following at June 30, 2009:

Building Reserve	\$ 35,200
Community Impact	90,182
Allocations	28,500
Emergent Needs in the Community	<u>50,000</u>
Total Board Designated Net Assets	<u>\$ 203,882</u>

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2009 are comprised of the following:

2009 Fall Campaign Contributions	\$ 8,000
Other Program Designations	133,879
Sponsorships	<u>6,890</u>
Temporarily Restricted Net Assets	<u>\$ 148,769</u>

**9. Campaign Results**

The Organization's 2008 campaign results, reported as contributions on Exhibit B, consist of the following for the year ended June 30, 2009:

Total Contributions	\$ 3,123,163
Less: Contributions Raised on Behalf of Others	<u>(830,672)</u>
Net 2008 Campaign Results	<u><u>\$ 2,292,491</u></u>

Approximately 24 percent of the total campaign revenue for the year ended June 30, 2009 is from the employees of one employer.

**10. Employee Retirement Plan**

The Organization has a noncontributory defined contribution plan. Contributions to the Plan are made for all regular full-time employees who meet certain age and length-of-service requirements. The Organization contributed 6 percent of the annual compensation of participants to the retirement plan. Employee benefit expense under this Plan was \$28,445 for the year ended June 30, 2009.

**11. Operating Lease**

The Organization has an office equipment lease, which terminates September 2011. The total lease expense for the year ended June 30, 2009 was \$8,773. Future minimum lease commitments under this non-cancelable lease are as follows for the years ended June 30:

2009	\$ 8,466
2010	8,466
2011	8,466
2012	<u>3,528</u>
	<u><u>\$ 28,926</u></u>

**12. Allocation of Costs of Activities that Include Fund-Raising**

The Organization achieves some of its programmatic goals in direct campaigns, donor, and volunteer appeals that include requests for contributions. The costs of conducting those campaigns included a total of \$11,156 of joint costs that are not directly attributable to either the program component or the resource development component of the activities. Those joint costs were allocated \$5,578 to program services and \$5,578 to resource development.

**13. Change in Accounting Estimate**

During 2004, a donation of common stock worth approximately \$100,000 was received along with a pledge for any deficiency in the growth of the stock value and reinvested dividends on the stock beneath \$200,000 as of December 31, 2009. During the year ended June 30, 2009, the Organization revalued the outstanding endowment pledge receivable. The change in estimate increased net income for the year ended June 30, 2009 by \$33,000.