

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Champaign, Illinois

Financial Statements

For the Year Ended

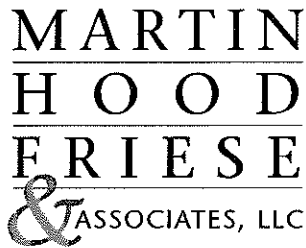
June 30, 2008

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, 2008 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, 2008 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 25, 2008

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Statement of Financial Position

June 30, 2008

ASSETS

Current Assets

Cash	\$ 313,420
Restricted Cash	117,606
Contributions Receivable, Net of Allowance of \$142,374	1,003,807
Prepays and Other Current Assets	20,993
Total Current Assets	<u>1,455,826</u>

Property and Equipment, Net

462,535

Other Assets

Investments	1,148,265
Endowment Pledge Receivable	119,000
Total Other Assets	<u>1,267,265</u>

Total Assets

\$ 3,185,626

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 32,412
Designations Payable	471,971
Allocations Payable	1,036,357
Total Current Liabilities	<u>1,540,740</u>

Net Assets

Unrestricted:	
Undesignated	618,517
Board Designated	267,399
Total Undesignated	<u>885,916</u>
Temporarily Restricted	76,661
Permanently Restricted	682,309
Total Net Assets	<u>1,644,886</u>

Total Liabilities and Net Assets

\$ 3,185,626

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

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Statement of Activities

For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions, Net of Donor				
Designations to Agencies	\$ 2,171,867	\$ 25,000	\$ 4,466	\$ 2,201,333
Contributions - Future Campaign	-	4,000	-	4,000
Provision for Uncollectible Pledges	(126,831)	-	-	(126,831)
Net Contributions	<u>2,045,036</u>	<u>29,000</u>	<u>4,466</u>	<u>2,078,502</u>
Grant Revenue	-	25,000	-	25,000
Management Fees - Designated Pledges	68,892	-	-	68,892
Sponsorship Revenue	-	2,100	-	2,100
Other Income	8,459	-	-	8,459
Endowment Contributions	-	-	120,180	120,180
Interest, Dividends, and Realized Gain (Loss)	36,920	-	-	36,920
Net Unrealized Gain (Loss) on Investments	(29,406)	-	(32,377)	(61,783)
Net Assets Released from Restrictions	70,249	(70,249)	-	-
Total Support and Revenue	<u>2,200,150</u>	<u>(14,149)</u>	<u>92,269</u>	<u>2,278,270</u>
Expenses				
Program Services	<u>1,438,210</u>	-	-	<u>1,438,210</u>
Supporting Services:				
Resource Development	407,499	-	-	407,499
Administration and General	<u>196,936</u>	-	-	<u>196,936</u>
Total Supporting Services	<u>604,435</u>	-	-	<u>604,435</u>
Total Expenses	<u>2,042,646</u>	-	-	<u>2,042,646</u>
Change in Net Assets	157,504	(14,149)	92,269	235,624
Net Assets, July 1, 2007	<u>728,412</u>	<u>90,810</u>	<u>590,040</u>	<u>1,409,262</u>
Net Assets, June 30, 2008	<u>\$ 885,916</u>	<u>\$ 76,661</u>	<u>\$ 682,309</u>	<u>\$ 1,644,886</u>

The notes following Exhibit D 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, 2008

	Program Services	Supporting Services		Total Supporting Services	Total
		Resource Development	Administration and General		
<i>Direct Program Costs</i>					
Program Funding Allocations	\$ 1,031,000	\$ -	\$ -	\$ -	\$ 1,031,000
Vision Grants	69,838	-	-	-	69,838
Special Projects	43,131	-	-	-	43,131
<i>Personnel Costs</i>					
Salaries	177,782	227,832	109,331	337,163	514,945
Employee Benefits	21,857	28,010	13,442	41,452	63,309
Payroll Taxes	13,140	16,839	8,081	24,920	38,060
Contractual Services	-	-	8,500	8,500	8,500
<i>Professional Services</i>					
Audit Services	-	-	9,057	9,057	9,057
Legal Services	-	-	543	543	543
<i>Office Expenses</i>					
Office Supplies	2,686	3,442	1,652	5,093	7,779
Postage	2,157	2,765	1,327	4,092	6,249
Stationery and Printing	907	1,162	558	1,720	2,627
<i>Occupancy Costs</i>					
Depreciation	13,776	13,776	6,888	20,665	34,441
Building Maintenance	13,077	13,077	6,538	19,615	32,692
Equipment Maintenance	4,845	6,209	2,980	9,189	14,034
Utilities	3,946	3,946	1,973	5,920	9,866
Computer Support Agreement	2,004	4,594	1,233	5,827	7,831
Telephone	2,274	2,915	1,399	4,314	6,588
Building Insurance	2,333	2,333	1,166	3,499	5,832
<i>Marketing & Communication Costs</i>					
Marketing Expenses	6,799	6,799	-	6,799	13,597
Annual Campaign Expenses	-	24,328	-	24,328	24,328
Leadership Giving	-	20,101	-	20,101	20,101
Combined Federal Campaign Expenses	-	7,392	-	7,392	7,392
Volunteerism	7,082	-	-	-	7,082
Planned Giving Expenses	-	1,933	-	1,933	1,933
Emerging Community Leaders Expenses	-	1,512	-	1,512	1,512
Community Impact	3,811	-	-	-	3,811
<i>Other Expenses</i>					
Affiliation Dues	10,658	13,659	6,555	20,214	30,872
Meals, Entertainment, and Events	998	110	2,252	2,363	3,360
Service Charges	-	-	9,406	9,406	9,406
Mileage	122	1,187	511	1,698	1,820
Training and Conferences	2,322	1,081	1,187	2,268	4,590
Dues and Subscriptions	375	844	1,563	2,407	2,782
Directors/Program Insurance	1,040	1,333	639	1,972	3,012
Miscellaneous	250	320	155	475	725
Total Expenses	<u>\$ 1,438,210</u>	<u>\$ 407,499</u>	<u>\$ 196,936</u>	<u>\$ 604,435</u>	<u>\$ 2,042,646</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, 2008

Cash Flows from Operating Activities	
Change in Net Assets	\$ 235,624
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	34,441
Change in Endowment Pledge Receivable Estimate	(53,000)
Reinvested Dividends	(30,042)
Net Unrealized Loss on Investments	61,783
Contributions Received in the Form of Investments	(220,156)
Increase (Decrease) in Assets:	
Contributions Receivable, Net	(9,375)
Prepaid Expenses and Other Assets	10,254
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	9,523
Designations Payable	99,100
Allocations and Vision Grants Payable	(108,643)
Net Cash Provided by Operating Activities	<u>29,509</u>
Cash Flows From Investing Activities	
Purchases of Property and Equipment	(8,607)
Sale of Investments	156,105
Net Cash Provided by Investing Activities	<u>147,498</u>
Net Increase in Cash	177,007
Cash, July 1, 2007	<u>254,019</u>
Cash, June 30, 2008	<u>\$ 431,026</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, 2008

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

- *Success By 6®* – Providing solid foundations for our children
- *Youth* – Guiding the development of our youth
- *Basic Needs* – Building self-sufficiency and responding to crisis
- *Strengthening the Network as a Whole* – Building the capacity of our systems to respond to human care needs

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. United Way of Champaign County, Illinois, Inc.'s primary means of positively impacting the community is through funding processes, program funding, and vision grants. 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, vision grants are short-term or one-time grants for program start-up or transition, or to meet new or unexpected community needs. All funded programs are expected to provide measurable results through clearly defined outcomes. For the year ended June 30, 2008, the Organization expended \$1,100,838 in direct funding to programs meeting established funding priorities.

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 the local, state, and national level. For the year ended June 30, 2008, the Organization expended \$337,372 on these strategies to strengthen our community.

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, 2008, 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 Certificates of Deposit

As of June 30, 2008, the Organization had total cash on hand and at financial institutions of \$460,375, adjusted for outstanding items to a balance of \$431,026. Of the amount on deposit, \$203,554 was covered by federal deposit insurance, leaving \$256,821 uninsured and uncollateralized.

4. Investments

Investments at June 30, 2008 are summarized as follows:

Investments	Unrestricted		Permanently Restricted	
	Cost	Fair Value	Cost	Fair Value
Pooled Endowment	\$ -	\$ -	\$ 479,452	\$ 484,253
Certificates of Deposit	450,000	450,000	-	-
Mutual Funds	-	-	1,762	1,288
Equities	-	-	109,092	75,572
Government Bonds	-	-	5,920	5,906
Money Market	130,687	130,687	559	559
Total Investments	\$ 580,687	\$ 580,687	\$ 596,785	\$ 567,578

The pooled endowment funds are held at a Community Foundation, which reports the total investment pool allocation as being 65 percent equities and 35 percent fixed income at June 30, 2008.

5. Property and Equipment, Net

Property and equipment consist of the following as of June 30, 2008:

Land	\$ 72,250
Buildings and Improvements	610,116
Furniture and Equipment	168,373
Software	33,662
Total Property and Equipment	<u>884,401</u>
Less: Accumulated Depreciation	<u>(421,866)</u>
Property and Equipment, Net	<u><u>\$ 462,535</u></u>

6. Line of Credit

The Organization has an established line of credit of \$300,000, which matures in November 2008. 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, 2008 was 5.00 percent. There was no balance outstanding as of June 30, 2008.

7. Board Designated Net Assets

Board designated net assets consist of the following at June 30, 2008:

Building Reserve	\$ 44,085
Community Impact Allocations	133,314
Emergent Needs in the Community	40,000
	<u>50,000</u>
Total Board Designated Net Assets	<u><u>\$ 267,399</u></u>

8. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2008 are comprised of the following:

2008 Fall Campaign Contributions	\$ 4,000
Vision Council Designations	66,547
Sponsorships	<u>6,114</u>
Temporarily Restricted Net Assets	<u>\$ 76,661</u>

9. Campaign Results

The Organization's 2007 campaign results, reported as contributions on Exhibit B, consist of the following for the year ended June 30, 2008:

Total Contributions	\$ 3,077,637
Less: Contributions Raised on Behalf of Others	<u>(876,304)</u>
Net 2007 Campaign Results	<u>\$ 2,201,333</u>

Approximately 17 percent of the total campaign revenue for the year ended June 30, 2008 is from the employees of one employer. In addition, approximately 23 percent of the net pledges receivable balance at June 30, 2008 is from this same 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 \$18,322 for the year ended June 30, 2008.

11. Operating Lease

The Organization has an office equipment lease, which terminates September 2011. The total lease expense for the year ended June 30, 2008 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>28,926</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 \$13,597 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 \$6,799 to program services and \$6,798 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, 2008, the Organization revalued the outstanding endowment pledge receivable. The change in estimate increased net income for the year ended June 30, 2008 by \$53,000.