

# United Way of Northeast Florida, Inc.

Financial Statements as of and for the Years Ended  
June 30, 2011 and 2010, Additional Information for  
the Year Ended June 30, 2011, and Independent  
Auditors' Reports in Accordance With *Government  
Auditing Standards*

# UNITED WAY OF NORTHEAST FLORIDA, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
United Way of Northeast Florida, Inc.  
Jacksonville, Florida

We have audited the accompanying statements of financial position of United Way of Northeast Florida, Inc. ("United Way") (a not-for-profit corporation) as of June 30, 2011 and 2010, and the related statements of activities and of cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2011. These financial statements are the responsibility of the management of United Way. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative functional expenses information has been derived from United Way's June 30, 2010, financial statements and, in our report dated September 22, 2010, we expressed an unqualified opinion on those financial statements.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 17 through 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of United Way's management. Such information, except for that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, on our consideration of United Way's internal control over financial reporting and 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 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.

Deloitte & Touche LLP

October 18, 2011

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2011 AND 2010

	2011	2010
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$12,185,744	\$10,033,006
SHORT-TERM INVESTMENTS	508,885	1,810,149
PLEDGES RECEIVABLE:		
Gross pledges receivable	8,320,924	9,847,306
Less allowance for uncollectible pledges	<u>(1,649,323)</u>	<u>(1,852,859)</u>
Net pledges receivable	<u>6,671,601</u>	<u>7,994,447</u>
OPERATING RECEIVABLES	643,167	609,967
PREPAID EXPENSES AND OTHER ASSETS	287,427	143,451
INTEREST IN CHARITABLE TRUST	836,000	795,000
PROPERTY, PLANT AND EQUIPMENT — At cost less accumulated depreciation of \$845,972 and \$755,816, respectively	<u>238,456</u>	<u>294,970</u>
<b>TOTAL</b>	<u><b>\$21,371,280</b></u>	<u><b>\$21,680,990</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 351,954	\$ 260,517
Designations payable	1,892,934	2,083,985
Designations payable — corporate service	286,824	457,009
Accrued pension costs	38,664	984,686
Accrued expenses	<u>297,130</u>	<u>314,648</u>
Total liabilities	<u>2,867,506</u>	<u>4,100,845</u>
COMMITMENTS (Note 7)		
<b>NET ASSETS:</b>		
Unrestricted:		
Board designated	7,937,027	7,306,894
Undesignated	7,464,567	7,103,997
Endowment	379,200	379,140
Temporarily restricted	2,667,980	2,740,114
Permanently restricted	<u>55,000</u>	<u>50,000</u>
Total net assets	<u>18,503,774</u>	<u>17,580,145</u>
<b>TOTAL</b>	<u><b>\$21,371,280</b></u>	<u><b>\$21,680,990</b></u>

See notes to financial statements.

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>								
Gross campaign results (future years)	\$ 82,336	\$ 192,990	\$ -	\$ 275,326	\$ -	\$ -	\$ -	\$ -
Less donor designations	-	(107,890)	-	(107,890)	-	-	-	-
Less provision for uncollectible	(1,422)	(4,800)	-	(6,222)	-	-	-	-
Net campaign results (future years)	80,914	80,300	-	161,214	-	-	-	-
Gross campaign results (2010/2011)	12,282,392	8,177,681	-	20,460,073	607,916	351,464	-	959,380
Less donor designations	-	(6,747,086)	-	(6,747,086)	-	(339,046)	-	(339,046)
Less provision for uncollectible	(971,982)	(97,330)	-	(1,069,312)	(54,712)	58,882	-	4,170
Net campaign results (2010/2011)	11,310,410	1,333,265	-	12,643,675	553,204	71,300	-	624,504
Gross campaign results (2009/2010)	-	-	-	-	12,077,779	8,152,185	-	20,229,964
Less donor designations	-	-	-	-	(7,098,440)	(7,098,440)	-	(7,098,440)
Less provision for uncollectible	-	-	-	-	(1,084,749)	(74,837)	-	(1,159,586)
Net campaign results (2009/2010)	-	-	-	-	10,993,030	978,908	-	11,971,938
Total net campaign results	11,391,324	1,413,565	-	12,804,889	11,546,234	1,050,208	-	12,596,442
Grant/contract revenue	2,586,016	467,098	-	3,053,114	2,370,929	831,181	-	3,202,110
Endowment revenue	2,060	-	5,000	7,060	4,304	-	-	4,304
Other contributions	374,873	-	-	374,873	627,460	-	-	627,460
Investment income	100,444	-	-	100,444	131,443	-	-	131,443
Service fees	715,028	-	-	715,028	738,727	-	-	738,727
Designations from other United Ways	57,245	-	-	57,245	69,361	-	-	69,361
Miscellaneous income	165,413	-	-	165,413	143,772	-	-	143,772
Net assets released from restrictions	1,952,797	(1,952,797)	-	-	2,198,479	(2,198,479)	-	-
Total public support and revenue	17,345,200	(72,134)	5,000	17,278,066	17,830,709	(317,090)	-	17,513,619
<b>EXPENSES:</b>								
Program services:								
Gross funds awarded/distributed	14,296,697	-	-	14,296,697	14,989,481	-	-	14,989,481
Less donor designations	(4,928,213)	-	-	(4,928,213)	(5,432,860)	-	-	(5,432,860)
Net funds awarded/distributed	9,368,484	-	-	9,368,484	9,556,621	-	-	9,556,621
Grant and other distributions	19,645	-	-	19,645	21,774	-	-	21,774
United Way led initiatives & strategies	4,657,994	-	-	4,657,994	5,353,518	-	-	5,353,518
Total program services	14,046,123	-	-	14,046,123	14,931,913	-	-	14,931,913
Supporting services	2,308,314	-	-	2,308,314	2,426,013	-	-	2,426,013
Total expenses	16,354,437	-	-	16,354,437	17,357,926	-	-	17,357,926
<b>INCREASE (DECREASE) IN NET ASSETS</b>	990,763	(72,134)	5,000	923,629	472,783	(317,090)	-	155,693
<b>NET ASSETS — Beginning of year</b>	14,790,031	2,740,114	50,000	17,580,145	14,317,248	3,057,204	50,000	17,424,452
<b>NET ASSETS — End of year</b>	\$ 15,780,794	\$ 2,667,980	\$ 55,000	\$ 18,503,774	\$ 14,790,031	\$ 2,740,114	\$ 50,000	\$ 17,580,145

See notes to financial statements.

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 923,629	\$ 155,693
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	90,156	108,277
Change in value of charitable trust	(75,048)	(55,048)
Provision for uncollectible pledges	1,075,534	1,230,653
Changes in assets and liabilities which (used) provided cash:		
Pledges receivable	247,312	(901,153)
Interest in charitable trust	34,048	34,048
Operating receivables	(33,200)	(49,882)
Prepaid expenses and other assets	(143,976)	23,555
Accrued pension costs	(946,022)	217,184
Accounts payable and accrued expenses	73,919	(90,891)
Designations payable	(361,236)	(425,038)
	<u>885,116</u>	<u>247,398</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant, and equipment	(33,642)	(24,379)
Proceeds from the sale of investments	1,307,267	3,279,505
Purchase of investments	(6,003)	(28,195)
	<u>1,267,622</u>	<u>3,226,931</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	2,152,738	3,474,329
<b>CASH AND CASH EQUIVALENTS — Beginning of year</b>	<u>10,033,006</u>	<u>6,558,677</u>
<b>CASH AND CASH EQUIVALENTS — End of year</b>	<u>\$12,185,744</u>	<u>\$10,033,006</u>

See notes to financial statements.

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE TOTALS FOR 2010

	United Way Led Initiatives & Strategies		Supporting Services		Total All Funds		
	Allocation Services	Program Services	Management and General	Appeal for Financial Support	Total	2011	2010
Salaries	\$ 123,324	\$2,031,462	\$ 405,588	\$ 759,178	\$1,164,766	\$3,319,552	\$3,297,862
Employee benefits	41,312	295,053	45,996	78,551	124,547	460,912	1,180,992
Payroll taxes	8,505	148,046	27,113	52,371	79,484	236,035	231,109
Total salaries and related expenses	173,141	2,474,561	478,697	890,100	1,368,797	4,016,499	4,709,963
Professional fees	98	902,602	147,394	48,629	196,023	1,098,723	1,196,199
Supplies	1,369	87,065	13,695	134,296	147,991	236,425	225,265
Telephone	2,959	53,842	9,379	13,900	23,279	80,080	97,175
Postage	598	8,366	4,732	20,045	24,777	33,741	31,095
Rents and parking	13,818	302,412	44,746	97,829	142,575	458,805	445,303
Technology improvements	-	11,319	1,579	329	1,908	13,227	37,238
Awards	672	7,055	1,830	5,069	6,899	14,626	14,245
Insurance	2,220	12,615	7,598	9,636	17,234	32,069	35,209
Printing and visual development	-	44,071	1,862	82,472	84,334	128,405	126,200
Travel	1,410	30,787	7,182	15,837	23,019	55,216	51,133
Conferences and meetings	2,312	27,978	4,833	13,912	18,745	49,035	39,241
Relocation, recruitment, and training	-	115	50	-	50	165	2,835
Maintenance and repairs	16,605	76,705	21,102	22,000	43,102	136,412	122,381
United Way Worldwide membership	6,157	135,001	19,628	32,959	52,587	193,745	198,395
Dues	1,783	5,119	7,208	1,360	8,568	15,470	14,293
State support	1,314	28,859	4,188	8,733	12,921	43,094	42,121
Publications	19	346	661	1,255	1,916	2,281	3,298
Public awareness campaign	-	170,988	-	88,083	88,083	259,071	270,260
Interest and fees	-	440	449	8,174	8,623	9,063	6,722
Special assistance	-	-	-	-	-	-	2,617
Miscellaneous	-	-	-	-	-	-	66
Total United Way led initiatives & strategies and supporting services expenses before depreciation expense	224,475	4,380,246	776,813	1,494,618	2,271,431	6,876,152	7,671,254
Depreciation expense	4,318	48,955	13,767	23,116	36,883	90,156	108,277
Total United Way led initiatives & strategies and supporting services expenses	\$ 228,793	\$4,429,201	\$ 790,580	\$1,517,734	\$2,308,314	\$6,966,308	\$7,779,531

See notes to financial statements.

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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### 1. MISSION

United Way of Northeast Florida, Inc. (“United Way”) began as the Community Chest of Jacksonville in 1924. A local Board of Trustees and Board of Directors, whose members represent a cross section of the Northeast Florida community, govern United Way. This year nearly 11,500 volunteers provided oversight and expertise, assisted United Way with fund raising, distributed and monitored Community Impact Fund dollars to agencies, and furnished vital support to initiatives and programs.

United Way’s mission to “provide leadership, resources and focus to change lives in our community by creating sustainable improvements in education, income and health” is supported by a comprehensive plan for improving peoples’ lives that is focused on specific actions and clear goals. Through its vision, United Way of Northeast Florida is a leader in ensuring:

- Children enter kindergarten ready to succeed and students stay in school through graduation
- Individuals and families have the opportunity to achieve financial stability
- People have the opportunity to lead healthy and engaged lives

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The accompanying financial statements have been prepared on the accrual basis, and the accounts of United Way are maintained in accordance with the principles of not for profit accounting under accounting principles generally accepted in the United States of America.

**Use of Estimates** — 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for uncollectible pledges, valuation of pension liability and interest in charitable trust.

**Cash and Cash Equivalents** — Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased.

**Investments** — Investments are recorded at fair value and consist of certificates of deposit and United States government agency securities. The objective of United Way’s Investment Policy is to ensure the safety of investment principal, provide for liquidity and maximize investment income. Maturity dates cannot exceed three years and investment options include treasury bills, notes, bonds, commercial paper, certificates of deposit, money market accounts, money market mutual funds with ratings no less than A1/P1, full faith or general faith obligations, credit obligations of United States government agency securities, and repurchase agreements collateralized by U.S. Treasury or agency securities. The Finance Committee continues to assess investments with a goal of ensuring the safety of the principal by investing with quality financial institutions.

**Campaign Contributions and Pledges** — United Way conducts a campaign annually that features contributor choice. Contributors may give through United Way’s Community Impact Fund (“Community Impact Fund”), in which case, local volunteers review each program and make strategic funding recommendations based on the criticality of the need being addressed by the program, the program’s impact on addressing the need, the participants’ results in the program, the utilization of the program’s capacity and the importance of United Way funding to the success of the program. Funding is granted annually with a formal review process occurring annually or every three years depending on the level of success of the program. Semi-annual reports of performance measures and utilization of capacity are reviewed by staff and volunteers.

Contributions and pledges through the Community Impact Fund are recognized as unrestricted revenue on the statement of activities in the fiscal year they are made by donors. United Way invests dollars raised through the community campaign toward the resolution of serious community issues in education, income and health. Contributors may designate specific focus areas to which their money will be directed. Contributions and pledges to specific focus areas are recognized as temporarily restricted revenue on the statement of activities in the fiscal year they are made by donors. Contributions and pledges are recorded on the statement of financial position as the commitments are made by the contributors and an allowance is provided for amounts estimated to be uncollectible.

Contributors may give by designating specific United Way led programs. These contributions and pledges are classified as designations payable on the statement of financial position and are not reflected in net campaign results on the statement of activities.

Contributors may give by designation to a specific not-for-profit agency approved by the Internal Revenue Service as eligible to receive charitable contributions. These agencies’ programs are not subject to any United Way oversight. Contributions and pledges designated to specific agencies are classified as designations payable on the statement of financial position and are not reflected in net campaign results on the statement of activities.

United Way assists corporations with the distribution of employees’ payroll deductions by forwarding funds to multiple United Ways and agencies across the country. These amounts are classified as designations payable — corporate service on the statement of financial position.

The announced annual campaign differs from the total net campaign results reported on the Statements of Activities. The variances reported in the financial statements include contributions for future fund drives received during the current fiscal year and exclude all Community Campaign designations, the portion of the funds received by the Northeast Florida-Southeast Georgia Regional Combined Federal Campaign which are distributed directly to other approved agencies and federations, the allowance for uncollectible pledges, any pledges for the current Community campaign received during a prior fiscal year, and grant income.

**Allowance for Uncollectible Pledges** — United Way utilizes a historical average for calculating the provision for uncollectible pledges adjusted by management estimates of current economic factors, applied to individual campaigns and corporate service campaigns, including donor designations. The total provision for uncollectible pledges totaled \$1,075,534 and \$1,230,653 for the years ended June 30, 2011 and 2010, respectively.

**Interest in Charitable Trust** — The interest in charitable trust is recorded at the present value of the expected payments to United Way over the life of the trust.

**Campaign Expenses** — Campaign expenses related to the appeal for financial support are recognized as incurred during the annual fund raising campaign.

**Functional Expenses** — Expenses are allocated to the various functional categories based on the purpose achieved by each expenditure. Salaries and benefits of cross-functional staff, in addition to certain other indirect expenses, are reported based upon the percentage of time expended by employees in the areas of program services, appeal for financial support, and management and general.

**Advertising Expenses** — Advertising costs are expensed as incurred and totaled approximately \$259,000 and \$270,000 for the years ended June 30, 2011 and 2010, respectively.

**Property, Plant, and Equipment** — Expenditures for property, plant, and equipment that qualify for capitalization in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method with estimated useful lives of the individual assets ranging from 3 to 10 years.

**Income Taxes** — United Way is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

**United Way Worldwide Dues** — United Way Worldwide dues are a support payment for which United Way receives, amongst other things, the right to use the national brand in charitable endeavors, national advocacy of issues, member education and training, centralized creation and support for marketing of fundraising campaigns, fostering of relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies amongst members, and promotion of the concept of local community impact on a national scale.

**Cost Deduction Standards** — Effective July 1, 2004, United Way Worldwide issued Membership Standard M – Cost Deduction Requirements (“Standard”), which sets forth uniform standards for local United Ways to calculate the amount of fundraising and management and general expenses to deduct from donor pledges. United Way complies with this Standard.

**Donated Services** — A substantial number of volunteer workers have donated periodic solicitation services needed for United Way’s annual appeal for financial support campaign. The activities of volunteer solicitors were not subject to a sufficient degree of operating supervision and control to enable United Way to have a proper basis for measuring and recording the value of time donated. Accordingly, no amounts have been recorded as contributions and expenses for the value of these services in the accompanying financial statements.

**Board Designated Net Assets** — The United Way Board of Trustees has approved the designation of monies from the Community Fund for future disbursement in support of the Year Round Emergency Response Fund, Life: Act 2, Strategic Board Investments, the Emergency Reserve, the Community Impact Fund, and Agency Allocations.

**Endowment Fund** — As part of its Planned Giving Program, United Way has established and will grow Endowment funds to provide income for stabilizing operations against fluctuations in the annual campaign revenue; to enhance annual campaign revenue from income generated by the endowed gifts; and to provide program funding flexibility not possible through annual campaign revenue including emergency funding, venture grants, administrative cost, challenge grants and infrastructure needs.

### 3. RETIREMENT PLANS

**Retirement Plan** — Employees of United Way participate in a non-contributory annuity benefit retirement plan (the “Plan”) administered by Mutual of America. The Plan covers substantially all employees with more than one year’s service and who have attained the age of 21 years. Benefits are generally based upon years of service and final average salary. United Way meets statutory funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and schedules additional contributions based on actuarial valuation calculations.

The components of net periodic pension cost and the funded status of the Plan as of June 30, 2011 and 2010, are the following:

	2011	2010
Vested benefit obligation at June 30	<u>\$3,905,536</u>	<u>\$3,392,744</u>
Accumulated benefit obligation at June 30	<u>\$4,029,021</u>	<u>\$3,486,301</u>
Projected benefit obligation at June 30	\$4,485,187	\$4,015,107
Fair value of plan assets at June 30	<u>4,446,523</u>	<u>3,030,421</u>
Funded status	<u>\$ (38,664)</u>	<u>\$ (984,686)</u>

Amounts recognized as changes in unrestricted net assets arising from the Plan but not yet included in net periodic benefit cost:

	2011	2010
Unrecognized prior service cost	\$ (6,315)	\$ (9,537)
Unrecognized net loss	567,294	1,123,373
Benefit cost	454,013	430,872
Employer contributions	872,685	364,894
Benefits paid	19,465	405,464

Amounts recognized in the statements of financial position as of June 30, 2011 and 2010, consist of:

	2011	2010
Assets	\$ -	\$ -
Liabilities	38,664	984,686

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the year ended June 30, 2011 and 2010, are as follows:

	<b>Pension Benefits</b>	
	<b>2011</b>	<b>2010</b>
Net gain (loss)	\$ 176,335	\$ (220,477)
Amortization of net loss	(188,882)	(143,459)
Amortization of prior service cost	3,222	(1,630)
Total recognized in unrestricted net assets	(552,857)	151,206
Total recognized in net periodic benefit cost and unrestricted net assets	(98,844)	582,078

The estimated net gain, transition obligation and prior service cost for the Plan that will be amortized from accumulated unrestricted net assets into net periodic benefit cost over the next fiscal year are \$40,442, \$0, and \$(3,222), respectively.

United Way estimates that it will contribute approximately \$373,000 to the Plan for the upcoming fiscal year ending June 30, 2012.

The weighted-average assumptions used for determining net periodic pension cost for the years ended June 30, 2011 and 2010, are as follows:

	<b>2011</b>	<b>2010</b>
Discount rate	4.75 %	5.75 %
Expected long-term rate of return on plan assets	7.50	7.50
Assumed rate of increase in future compensation	5.50	5.50

The weighted-average assumptions used for determining benefit obligations for the years ended June 30, 2011 and 2010, are as follows:

	<b>2011</b>	<b>2010</b>
Discount rate	4.90 %	4.75 %
Assumed rate of increase in future compensation	5.50	5.50

**Expected Future Benefit Payments** — The following benefit payments which reflect future service, as appropriate, are expected to be paid:

<b>June 30</b>	
2012	\$ 1,596,000
2013	611,000
2014	97,000
2015	114,000
2016	392,000
2017–2021	1,835,000

Plan assets as of June 30, 2011 and 2010, by category are as follows:

	<u>2011</u>		<u>2010</u>	
Equity	\$2,367,470	53.2 %	\$1,773,760	58.5 %
Fixed income	1,057,806	23.8	761,496	25.1
General account	<u>1,021,247</u>	<u>23.0</u>	<u>495,165</u>	<u>16.4</u>
Total	<u>\$4,446,523</u>	<u>100.0 %</u>	<u>\$3,030,421</u>	<u>100.0 %</u>

The following tables set forth by level, within the fair value hierarchy (see Note 4 for definition), the assets of the Plan as of June 30, 2011 and 2010:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
	<u>Level 2</u>	<u>Level 2</u>
Pooled separate accounts:		
Equity	\$ 2,367,470	\$ 1,773,760
Fixed income	1,057,806	761,496
General account	<u>1,021,247</u>	<u>495,165</u>
Total	<u>\$ 4,446,523</u>	<u>\$ 3,030,421</u>

The Plan's investments in pooled separate accounts are presented at fair value, which has been determined based on the quoted market values of the underlying investments. The Plan's investment contract (general account) with Mutual of America is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations.

**Expected Long-Term Rate of Return on Plan Assets Assumption** — The Expected Long-Term Rate of Return on Plan Assets assumption of 7.50% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on United Way's investment allocation for the Plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 6.76% to 9.12%. A rate of 7.50% which is within the best estimate range was selected.

**Plan Investment Policy** — Plan assets are to be managed in a prudent, conservative yet productive manner for the exclusive benefit of the Plan's participants and their beneficiaries, consistent with the provisions of ERISA. United Way has applied for, and Mutual of America Life Insurance Company has issued, a group annuity contract in conjunction with the funding of benefits under the Plan. The amounts maintained under the contract shall be managed as a balanced fund and shall be diversified among and within principal classes of investments. The Plan assets shall be managed with a long-term asset mix guideline of 50% equity alternative and 50% fixed income alternatives. The actual ratio, however, at any particular time, is expected to vary from the guideline ratio due to intentional adjustments to the Plan asset mix because of, or in anticipation of, changing market conditions. The permitted range of equity alternative and fixed income alternatives, as a percentage of the total value of Plan assets, shall be 30% to 70%.

**Thrift Plan** — United Way also sponsors a 403(b) tax-deferred annuity defined contribution thrift plan (the “Thrift Plan”) for eligible employees. Eligible employees must be 21 years of age and have completed one year of service. Eligible employees may contribute up to 20% of their salary and any allowable catch-up contributions not to exceed the maximum contribution permitted by Section 403(b) of the Internal Revenue Code. United Way will match employee contributions up to a maximum of 6% of the employee’s salary. Employees are immediately fully vested for their individual accumulated contributions and become fully vested for employer contributions at the earlier of reaching the age 65 or completing three years of service. Employees may withdraw amounts from the Thrift Plan upon reaching the age of 59-1/2, terminating service or on account of death or disability. Contributions made to the Thrift Plan by United Way for the years ended June 30, 2011 and 2010, totaled approximately \$85,000 and \$87,000, respectively.

**Deferred Compensation Plan** — United Way also sponsors a section 457(b) deferred compensation plan for highly compensated employees. Contributions to the plan for the years ended June 30, 2011 and 2010, totaled approximately \$13,800 and \$10,500, respectively.

#### 4. FAIR VALUE

Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped based on significant levels of inputs as follows:

*Level 1* — Quoted prices in active markets for identical assets or liabilities;

*Level 2* — Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or

*Level 3* — Unobservable inputs, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

United Way’s financial assets, measured at fair value on a recurring basis subject to the requirements of ASC 820, *Fair Value Measurements and Disclosures*, consist of the following:

	<b>June 30, 2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets:				
Cash and cash equivalents	\$ 12,185,744	\$ -	\$ -	\$ 12,185,744
Certificates of deposit	508,885	-	-	508,885
Interest in charitable trust	-	836,000	-	836,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 12,694,629</u>	<u>\$ 836,000</u>	<u>\$ -</u>	<u>\$ 13,530,629</u>

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	\$ 10,033,006	\$ -	\$ -	\$ 10,033,006
Certificates of deposit	1,810,149	-	-	1,810,149
Interest in charitable trust	<u>-</u>	<u>795,000</u>	<u>-</u>	<u>795,000</u>
Total	<u>\$ 11,843,155</u>	<u>\$ 795,000</u>	<u>\$ -</u>	<u>\$ 12,638,155</u>

The fair value of the interest in the charitable trust is determined by summing the discounted value of expected future payments that United Way will receive from the charitable trust. The key assumptions are based on market-based inputs.

#### 5. BOARD DESIGNATED NET ASSETS

Board designated net assets as of June 30, 2011 and 2010, are designated as follows:

	2011	2010
Year Round Emergency Response Fund	\$ 53,314	\$ 53,314
Life: Act 2	148,136	163,231
Strategic Board Investments, includes capital reserve	1,741,447	1,458,447
Emergency Reserve	1,000,000	946,000
Community Impact Fund	750,000	550,000
Agency Allocations	<u>4,244,130</u>	<u>4,135,902</u>
	<u>\$ 7,937,027</u>	<u>\$ 7,306,894</u>

#### 6. COOPERATIVE CAMPAIGN EFFORTS

**Combined Federal Campaign (CFC)** — Northeast Florida — Southeast Georgia Regional Combined Federal Campaign is the fund raising campaign for Federal employees in seven Florida counties and 24 Georgia counties. United Way has a contract with the Office of Personnel Management (OPM), a Federal government agency, to manage the CFC campaign in accordance with the guidelines that the OPM has established. United Way must apply for this contract annually. Revenues and expenses related to this contract totaling \$232,357 and \$222,883 are included in the statements of activities for the years ended June 30, 2011 and 2010, respectively.

CFC's fund raising activities provide financial support to various non-profit 501(c)(3) groups and agencies. The 2009/2010 and 2008/2009 campaign results are presented below for the campaign years ended March 31, 2011 and 2010 (CFC's year end):

	Campaign Years	
	2009/2010	2008/2009
Campaign contributions and pledges (net of provision for uncollectible pledges of \$131,892 and \$202,006)	\$2,212,513	\$2,048,000
Campaign expenses	<u>(224,514)</u>	<u>(239,254)</u>
Campaign contributions and pledges available for allocation	<u>\$ 1,987,999</u>	<u>\$ 1,808,746</u>

United Way's portion of campaign contributions and pledges available for allocation was approximately 11% for 2010 and 12% for 2009. This amount is subject to change if subsequent contributions are received or the actual provision needed for uncollectible pledges is greater or less than the estimated provision. From the 2009/2010 campaign approximately \$162,000 and \$80,000 is included in the statements of activities for the years ended June 30, 2011 and 2010, respectively. From the 2008/2009 campaign approximately \$187,000 is included in the statement of activities for the year ended June 30, 2010.

In addition to managing the CFC campaign, United Way participates as a federation in the CFC campaign even though it does not meet the definition of nor generally operate as a federation. United Way follows OPM regulations to honor designations made to its participating agencies and proportionally distributes CFC receipts to those agencies.

**7. COMMITMENTS**

Minimum rental commitments under non-cancelable operating and capital leases with an initial term greater than one year at June 30, 2011, are as follows:

	<b>Operating</b>	<b>Capital</b>
2012	\$ 416,811	\$ 9,593
2013	427,326	3,198
2014	440,021	-
2015	453,096	-
2016	231,947	-
Thereafter	<u>-</u>	<u>-</u>
	<u>\$1,969,201</u>	<u>\$ 12,791</u>

Total operating lease expense for the years ended June 30, 2011 and 2010, was approximately \$424,000 and \$418,000, respectively.

**8. SUBSEQUENT EVENTS**

United Way has performed an evaluation of subsequent events through October 18, 2011, the date the financial statements were available to be issued and did not identify any that should be recognized or disclosed.

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## **ADDITIONAL INFORMATION**

# UNITED WAY OF NORTHEAST FLORIDA, INC.

## DISTRIBUTIONS TO AGENCIES FOR THE YEAR ENDED JUNE 30, 2011

Certified Agencies	Continuing Services Support	Donor Designations	Other Designated Disbursements	Total
Achievers for Life	\$ 1,218,417	\$ -	\$ -	\$ 1,218,417
All Saints Early Learning and Community Care Center	144,725	9,677	-	154,402
American Lung Association of Florida	24,239	7,602	-	31,841
American Red Cross	546,118	87,795	-	633,913
AMIKids Jacksonville	-	2,751	-	2,751
Angelwood	-	10,382	-	10,382
ARC Nassau	26,513	-	-	26,513
Arthritis Foundation of NEFL	-	2,416	-	2,416
Baker County Council on Aging, Inc.	35,176	7,657	-	42,833
Baldwin Youth Summer Camps	95,000	-	-	95,000
Barnabas Center	36,000	16,233	-	52,233
Big Brothers Big Sisters of Nassau	-	1,153	-	1,153
Big Brothers Big Sisters of Northeast Florida	216,138	32,888	-	249,026
Boy Scouts of America North Florida Council	213,218	101,639	-	314,857
Boys and Girls Clubs of Northeast Florida	453,116	29,219	-	482,335
Bridge the Gap	-	704	-	704
Catholic Charities Bureau	77,109	168,490	193,613	439,212
Challenge Enterprises of North Florida, Inc.	30,900	7,625	-	38,525
CHLD Cancer Fund	-	28,988	-	28,988
Child Guidance	98,844	1,879	-	100,723
Children's Home Society Florida Buckner Division	363,032	34,896	-	397,928
Clara White Mission	92,898	71,939	-	164,837
Clay Behavioral Health Center	19,511	5,739	-	25,250
Communities in Schools Nassau County	56,664	8,959	-	65,623
Communities in Schools of Jacksonville	248,931	28,494	-	277,425
Community Connections	244,941	17,987	-	262,928
Compassion Capital Partner Grants	100,454	-	-	100,454
Daniel Memorial, Inc.	55,243	51,694	-	106,937
David Stein Fellowship	-	-	3,398	3,398
DLC Nurse and Learn, Inc.	82,309	6,536	-	88,845
Episcopal Children's Services	-	16,584	-	16,584
Family Foundations of Northeast Florida, Inc.	269,937	20,250	-	290,187
Full Service Schools	226,523	4,271	-	230,794
Girl Scouts of Gateway Council	216,644	43,269	-	259,913
Girls, Inc. of Jacksonville	130,312	2,933	-	133,245
Goodwill Industries	-	2,054	-	2,054
Greater Jacksonville Area USO	33,810	49,775	-	83,585
HandsOn Jacksonville	66,508	2,829	-	69,337
Healthy Mothers, Healthy Babies Coalition of North Florida	136,003	2,040	-	138,043
Hope Haven Children's Clinic and Family Center	43,142	21,400	-	64,542
Hubbard House	82,493	71,007	-	153,500
Jacksonville Area Legal Aid	74,192	26,052	-	100,244
Jacksonville Community Council, Inc.	103,157	17,548	-	120,705
Jacksonville Regional Chamber of Commerce	32,016	1,858	-	33,874
Jacksonville Speech and Hearing Center, Inc.	138,077	2,848	-	140,925
Jacksonville Urban League, Inc.	110,874	23,356	-	134,230
Jewish Community Alliance	161,362	11,103	-	172,465
Jewish Family and Community Services, Inc.	81,324	17,471	-	98,795

(Continued)

Certified Agencies	Continuing Services Support	Donor Designations	Other Designated Disbursements	Total
Learn to Read	\$ -	\$ 12,129	\$ -	\$ 12,129
Life: Act 2 Partner Grants	100,000	648	-	100,648
Lutheran Social Services of Northeast Florida	59,555	19,871	-	79,426
Mental Health America of Northeast Florida	55,228	3,231	-	58,459
Mental Health Resource Center	-	262	-	262
Methodist Children's Village	51,332	6,218	-	57,550
Morning Star School	-	8,370	-	8,370
Multiple Sclerosis Society North Florida	-	31,903	-	31,903
Nassau County Council on Aging, Inc.	52,688	11,203	-	63,891
Nassau County Volunteer Center	6,000	6,496	-	12,496
New Heights of Northeast Florida, Inc.	182,968	10,350	-	193,318
Non Profit Center	-	-	16,247	16,247
Northeast Florida AIDS Network	-	9,449	-	9,449
Northwest Behavioral Health Services	24,150	5,080	-	29,230
ODI/Independent Living	-	245	-	245
OneJax, Inc.	22,574	4,196	-	26,770
PACE Center for Girls Jacksonville	46,388	40,536	-	86,924
Pine Castle, Inc.	112,185	18,740	-	130,925
Quigley House, Inc.	70,705	27,424	-	98,129
River Region Human Services	-	4,951	-	4,951
Special Needs Response Fund	50,000	-	-	50,000
Success by Six	965,588	-	-	965,588
Sulzbacher Center	219,850	69,848	-	289,698
The ARC Jacksonville	81,916	21,221	-	103,137
The Bridge of Northeast Florida	96,919	38,737	-	135,656
The dePaul School of NEFL	-	9,701	-	9,701
The Help Center	55,200	1,963	-	57,163
The Salvation Army	351,791	68,577	-	420,368
The Sanctuary on 8th Street	54,064	26,074	-	80,138
United Way 211	-	1,093	-	1,093
YMCA of Florida's First Coast	263,229	95,348	-	358,577
Youth Crisis Center/The Safe Place	60,284	7,289	-	67,573
Other Agency Designations	-	3,073,812	-	3,073,812
	<u>\$ 9,368,484</u>	<u>\$ 4,714,955</u>	<u>\$ 213,258</u>	<u>\$ 14,296,697</u>

(Concluded)

See accompanying Independent Auditors' Report.

## UNITED WAY OF NORTHEAST FLORIDA, INC.

### ALLOCATIONS, SPECIAL PROJECTS AND EMERGENCY FUNDING BY SOLUTION AREA FOR THE YEAR ENDED JUNE 30, 2011

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Helping At-Risk Students Achieve #1	\$ 983,701
Helping At-Risk Students Achieve #2	1,120,636
Financial Stability #1	268,358
Financial Stability #2	1,202,562
Community Support Network	961,275
Early Childhood Success	720,574
Positive Youth Development	625,481
Preventing and Addressing Abuse	542,024
Independence for Individuals with Disabilities	346,539
Achievers for Life/Success by 6	2,184,006
Senior Engagement and Independence	<u>413,328</u>
	<u>\$9,368,484</u>

See accompanying Independent Auditors' Report.

