

United Way of Northeast Florida, Inc.

Financial Statements as of and for the Years Ended
June 30, 2009 and 2008, Additional Information for
the Year Ended June 30, 2009, and Independent
Auditors' Report

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, 2009 and 2008, 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, 2008. 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, 2008 financial statements and, in our report dated October 7, 2008, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of United Way were audited in accordance with auditing standards generally accepted in the United States of America. An audit also 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, 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, such financial statements present fairly, in all material respects, the financial position of United Way as of June 30, 2009 and 2008, and the statement of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2009 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 16 through 20 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 the 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.

Deloitte & Touche LLP

September 3, 2009

UNITED WAY OF NORTHEAST FLORIDA, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 6,558,677	\$ 7,789,009
SHORT-TERM INVESTMENTS	5,061,459	2,879,690
PLEDGES RECEIVABLE	10,474,229	10,499,596
LESS ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	<u>(2,150,282)</u>	<u>(1,911,538)</u>
	8,323,947	8,588,058
OPERATING RECEIVABLES	560,085	414,163
PREPAID EXPENSES AND OTHER ASSETS	167,006	152,353
INTEREST IN CHARITABLE TRUST	774,000	838,700
PROPERTY, PLANT AND EQUIPMENT — At cost less accumulated depreciation of \$647,539 and \$565,471, respectively	<u>378,868</u>	<u>411,345</u>
TOTAL	<u>\$21,824,042</u>	<u>\$21,073,318</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 163,628	\$ 122,661
Designations payable	2,546,469	2,204,403
Designations payable — corporate service	419,563	296,865
Accrued pension costs	767,502	360,694
Accrued expenses	<u>502,428</u>	<u>215,533</u>
Total liabilities	<u>4,399,590</u>	<u>3,200,156</u>
COMMITMENTS (Note 7)		
NET ASSETS:		
Unrestricted:		
Board designated	6,752,255	8,258,007
Undesignated	7,188,157	7,366,850
Endowment	376,836	367,986
Temporarily restricted	3,057,204	1,830,319
Permanently restricted	<u>50,000</u>	<u>50,000</u>
Total net assets	<u>17,424,452</u>	<u>17,873,162</u>
TOTAL	<u>\$21,824,042</u>	<u>\$21,073,318</u>

See notes to financial statements.

UNITED WAY OF NORTHEAST FLORIDA, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE:							
Gross campaign results (future years):							
Less donor designations	\$ 308,508	\$ 951,114	\$ -	\$ -	\$ -	\$ -	\$ -
Less provision for uncollectible	(32,151)	(137,415)	-	-	-	-	-
	<u>276,357</u>	<u>732,329</u>	<u>-</u>	<u>1,008,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net campaign results (future years)							
Gross campaign results (2008/2009):							
Less donor designations	13,281,628	8,099,993	-	143,730	71,163	-	214,893
Less provision for uncollectible	(1,191,642)	(6,815,172)	-	(10,547)	(69,061)	-	(69,061)
	<u>12,089,986</u>	<u>1,169,267</u>	<u>-</u>	<u>133,183</u>	<u>2,022</u>	<u>-</u>	<u>135,205</u>
Net campaign results (2008/2009)							
Gross campaign results (2007/2008):							
Less donor designations	-	-	-	14,510,748	8,571,055	-	23,081,803
Less provision for uncollectible	-	-	-	(1,132,993)	(7,637,311)	-	(7,637,311)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,377,755</u>	<u>859,044</u>	<u>-</u>	<u>14,236,799</u>
Net campaign results (2007/2008)							
Total net campaign results	12,366,343	1,901,596	-	13,510,938	861,066	-	14,372,004
Grant/contract revenue	2,405,758	1,101,577	-	1,823,048	744,921	-	2,567,969
Endowment revenue	10,850	10,850	-	367,986	-	50,000	417,986
Other contributions	94,017	94,017	-	326,993	-	-	326,993
Investment income	131,319	131,319	-	304,173	16,895	-	321,068
Service fees	741,315	741,315	-	925,088	-	-	925,088
Designations from other United Ways	67,047	67,047	-	45,484	-	-	45,484
Miscellaneous income	169,376	169,376	-	141,772	-	-	141,772
Net assets released from restrictions	1,776,288	(1,776,288)	-	1,993,202	(1,993,202)	-	-
Total public support and revenue	<u>17,762,313</u>	<u>1,226,885</u>	<u>-</u>	<u>19,438,684</u>	<u>(370,320)</u>	<u>50,000</u>	<u>19,118,364</u>
EXPENSES:							
Program services:							
Gross funds awarded/distributed	15,530,561	-	-	15,619,479	-	-	15,619,479
Less donor designations	(4,381,024)	-	-	(5,273,580)	-	-	(5,273,580)
Net funds awarded/distributed	11,149,537	-	-	10,345,899	-	-	10,345,899
Grant and other distributions	27,535	-	-	31,172	-	-	31,172
Other program services	5,616,880	-	-	4,569,562	-	-	4,569,562
Supporting services	2,643,956	-	-	2,707,466	-	-	2,707,466
United Way of America dues	-	-	-	216,369	-	-	216,369
Total expenses	<u>19,437,908</u>	<u>-</u>	<u>-</u>	<u>17,870,468</u>	<u>-</u>	<u>-</u>	<u>17,870,468</u>
(DECREASE) INCREASE IN NET ASSETS	(1,675,595)	1,226,885	-	1,568,216	(370,320)	50,000	1,247,896
NET ASSETS — Beginning of year	15,992,843	1,830,319	50,000	14,424,627	2,200,639	-	16,625,266
NET ASSETS — End of year	<u>\$ 14,317,248</u>	<u>\$ 3,057,204</u>	<u>\$ 50,000</u>	<u>\$ 15,992,843</u>	<u>\$ 1,830,319</u>	<u>\$ 50,000</u>	<u>\$ 17,873,162</u>

See notes to financial statements.

UNITED WAY OF NORTHEAST FLORIDA, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (448,710)	\$ 1,247,896
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	108,650	81,893
Change in value of charitable trust	31,950	(16,895)
Provision for uncollectible pledges	1,420,718	1,218,320
Changes in assets and liabilities which (used) provided cash:		
Pledges receivable	(1,156,607)	(660,930)
Interest in charitable trust	32,750	32,695
Operating receivables	(145,922)	(177,424)
Prepaid expenses and other assets	(14,653)	(18,386)
Accrued pension liability	406,808	201,291
Accounts payable and accrued expenses	327,862	(23,994)
Designations payable	464,764	91,355
Net cash provided by operating activities	<u>1,027,610</u>	<u>1,975,821</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(76,173)	(114,737)
Proceeds from the sale of investments	2,879,690	1,099,139
Purchase of investments	<u>(5,061,459)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(2,257,942)</u>	<u>984,402</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,230,332)	2,960,223
CASH AND CASH EQUIVALENTS — Beginning of year	<u>7,789,009</u>	<u>4,828,786</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 6,558,677</u>	<u>\$ 7,789,009</u>

See notes to financial statements.

UNITED WAY OF NORTHEAST FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2009, WITH COMPARATIVE TOTALS FOR 2008

	Program Services			Supporting Services			Total All Funds	
	Allocation Services	All Other Programs	Total	Management and General	Appeal for Financial Support	Total	2009	2008
Salaries	\$ 118,561	\$ 2,132,134	\$ 2,250,695	\$ 371,464	\$ 762,381	\$ 1,133,845	\$ 3,384,540	\$ 3,097,993
Employee benefits	34,794	830,865	865,659	170,659	305,463	476,122	1,341,781	1,013,145
Payroll taxes	8,155	156,817	164,972	24,169	49,746	73,915	238,887	224,896
Total salaries and related expenses	161,510	3,119,816	3,281,326	566,292	1,117,590	1,683,882	4,965,208	4,336,034
Professional fees	12,305	1,082,396	1,094,701	162,692	29,604	192,296	1,286,997	959,512
Supplies	1,619	83,956	85,575	14,843	102,447	117,290	202,865	376,190
Telephone	3,964	92,904	96,868	12,075	18,566	30,741	127,609	119,283
Postage	1,200	11,075	12,275	4,302	27,387	31,689	43,964	53,032
Rents and parking	13,259	297,644	310,903	41,856	86,761	128,617	439,520	427,242
Technology improvements	602	20,211	20,813	11,057	5,272	16,329	37,142	37,984
Awards	-	2,667	2,667	1,703	6,000	7,703	10,370	16,147
Insurance	2,065	44,611	46,676	7,751	8,883	16,634	63,310	62,357
Printing and visual development	169	102,785	102,954	1,138	115,977	117,115	220,069	141,861
Travel	2,376	28,451	30,827	5,585	16,550	22,135	52,962	62,664
Conferences and meetings	339	25,922	26,261	7,358	(2,087)	5,271	31,532	79,774
Relocation, recruitment, and training	-	3,016	3,016	4,085	-	4,085	7,101	13,346
Maintenance and repairs	18,246	65,891	84,137	13,892	22,275	36,167	120,304	142,436
United Way of America Membership	6,881	145,908	152,789	20,390	36,258	56,648	209,437	13,508
Dues	1,569	4,155	5,724	6,826	5,389	12,215	17,939	50,639
State support	1,439	30,428	31,867	4,262	11,969	16,231	48,098	6,395
Publications	1,601	978	2,579	1,960	2,752	4,712	7,291	286,371
Public awareness campaign	-	155,667	155,667	-	97,665	97,665	253,332	6,587
Interest and fees	-	20	20	2,078	238	2,316	4,624	3,765
Special assistance	-	3,969	3,969	-	655	655	176	8
Miscellaneous	-	173	173	3	-	3	-	-
Total other program and supporting services expenses before depreciation expense and UWA Dues	229,144	5,322,643	5,551,787	890,148	1,710,251	2,600,399	8,152,186	7,195,135
Depreciation expense	5,291	59,802	65,093	15,678	27,879	43,557	108,650	81,893
United Way of America Dues	-	-	-	-	-	-	-	216,369
Total other program and supporting services expenses and supporting	\$ 234,435	\$ 5,382,445	\$ 5,616,880	\$ 905,826	\$ 1,738,130	\$ 2,643,956	\$ 8,260,836	\$ 7,493,397

See notes to financial statements.

UNITED WAY OF NORTHEAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

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. Each year more than 9,000 volunteers provide oversight and expertise, assist United Way with fund raising, distribute and monitor community fund dollars to agencies, and furnish vital support to initiatives and programs.

The mission of United Way is “to unite people and resources in building a stronger and healthier community.” The driving force behind this mission is the conviction that there are individuals and families in Northeast Florida who have health and human care problems with which they need help. Taken together, these individual problems constitute community problems requiring a collective effort to address. Through its vision, United Way “will be recognized as a leader in the resolution of key community issues through its focused funding approach, emphasis on mobilizing and increasing resources, success in building strong collaborative partnerships, and its reliance on research, empirical data and the guidance of community volunteers in critical decision-making.”

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 fund accounting.

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 allowance for uncollectible pledges, valuation of pension liability and interest in charitable trusts.

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.

As a result of the current credit crisis, United Way evaluated existing investments to ensure that there was no direct exposure to subprime mortgages. Additionally, the Finance Committee discussed and reaffirmed its goal of ensuring the safety of the principal by investment with quality financial

institutions. In order to take advantage of the shift to higher interest rates on shorter term investments, funds have been invested in short term instruments rather than long term. United Way will continue to monitor the current credit crisis and its effect on current operations.

Campaign Contributions and Pledges — United Way conducts a campaign annually that features contributor choice. Contributors may give through United Way’s Community Fund (“Community Fund”), in which case, experienced local volunteers who are knowledgeable of local urgent needs and who review and monitor programs decide which services of certified agencies will receive monies to most effectively address local urgent needs. Contributions and pledges through the Community Fund are recognized as unrestricted revenue on the statement of activities in the year they are made by donors. The Community Fund is comprised of eight focus areas: Early Childhood Success, Helping At-Risk Students Achieve, Senior Engagement and Independence, Community Support Network, Financial Stability, Independence for Individuals with Disabilities, Positive Youth Development, and Preventing and Addressing Abuse. Contributors may designate specific focus areas for 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 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 designation to a specific agency as long as it is a not-for-profit health and human care organization providing service to Northeast Florida and is approved by the Internal Revenue Service as eligible to receive charitable contributions. 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 contributions publicly reported for the annual fund drive differs from the total net campaign results for financial reporting purposes. The amounts reported in the financial statements include contributions for future fund drives received in advance and excludes 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.

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 \$1,420,718 and \$1,218,320 for the years ended June 30, 2009 and 2008, 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.

