

**UNITED WAY OF CITRUS COUNTY, INC.**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEARS ENDED MARCH 31, 2010 AND 2009**

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors  
United Way of Citrus County, Inc.  
Crystal River, Florida

We have audited the accompanying statements of financial position of United Way of Citrus County, Inc. as of March 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years 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 in the first paragraph present fairly, in all material respects, the financial position of United Way of Citrus County, Inc. as of March 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Williams, McCranie, Wardlow & Cash, P.A.*

Crystal River, Florida  
May 28, 2010

UNITED WAY OF CITRUS COUNTY, INC  
STATEMENTS OF FINANCIAL POSITION

	March 31,	
	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 515,237	\$ 333,730
Restricted cash	290,311	296,521
Pledges receivable, net of allowance for uncollectible pledges	412,845	446,406
Employee advances	-	9,690
Prepaid expenses	5,369	3,653
Total Current Assets	<u>1,223,762</u>	<u>1,090,000</u>
Other Assets:		
Other assets	2,406	6,934
Property and equipment, net of accumulated depreciation	17,578	9,885
Total Other Assets	<u>19,984</u>	<u>16,819</u>
Total Assets	<u>\$ 1,243,746</u>	<u>\$ 1,106,819</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 4,106	\$ 3,856
Deposits held for others	27,147	22,729
Total Current Liabilities	<u>31,253</u>	<u>26,585</u>
Net Assets:		
Unrestricted	534,447	386,035
Temporarily restricted	678,046	694,199
Total Net Assets	<u>1,212,493</u>	<u>1,080,234</u>
Total Liabilities and Net Assets	<u>\$ 1,243,746</u>	<u>\$ 1,106,819</u>

The notes to financial statements are an integral part of these statements.

UNITED WAY OF CITRUS COUNTY, INC  
STATEMENTS OF ACTIVITIES

	For the years ended March 31,	
	2010	2009
Unrestricted Net Assets:		
Revenue and Support:		
Contributions	\$ 91,068	\$ 191,325
Investment return	7,698	9,182
Special events, net of event costs	24,242	19,265
Other income	-	9,690
Total Revenue and Support	123,008	229,462
Net assets released from restrictions		
Restrictions satisfied by the passage of time	739,821	16,453
Total Unrestricted Revenue and Support	862,829	245,915
Expenses:		
Program Services		
Allocations to agencies	438,968	374,085
Other program costs	124,032	163,855
Total Program Services	563,000	537,940
Supporting Services		
General and administrative	142,104	124,303
Fundraising	9,313	9,128
Total Supporting Services	151,417	133,431
Total Expenses	714,417	671,371
Increase (Decrease) in Unrestricted Net Assets	148,412	(425,456)
Temporarily Restricted Net Assets:		
Contributions	723,668	694,199
Net assets released from restrictions:		
Restrictions satisfied by the passage of time	(739,821)	(16,453)
Increase (Decrease) in Temporarily Restricted Net Assets	(16,153)	677,746
Increase in Net Assets	132,259	252,290
Net Assets - Beginning of year	1,080,234	827,944
Net Assets - End of year	\$ 1,212,493	\$ 1,080,234

The notes to financial statements are an integral part of these statements.

UNITED WAY OF CITRUS COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2010

	Program Services	General and Administrative	Fund- Raising	Total Expenses
Personnel Services				
Salaries	\$ 24,624	\$ 60,679	\$ 2,638	\$ 87,941
Benefits	3,915	9,646	419	13,980
Taxes	1,875	4,622	201	6,698
	<u>30,414</u>	<u>74,947</u>	<u>3,258</u>	<u>108,619</u>
Allocations to agencies	438,968	-	-	438,968
Advertising and promotional	4,566	11,252	489	16,307
Bank and credit card charges	376	927	40	1,343
Fundraising	-	-	3,136	3,136
Insurance	636	1,568	68	2,272
Legal and accounting	3,831	9,441	410	13,682
Equipment rental	444	1,094	48	1,586
Office and postage	894	2,203	96	3,193
Occupancy expense	9,778	24,098	1,048	34,924
Payments to national/state United Way	2,819	6,947	302	10,068
Printing and publications	105	259	11	375
Program services	66,368	-	-	66,368
Seminars, training, internet	421	1,037	45	1,503
Taxes and licenses	139	344	15	498
Telephone	841	2,072	90	3,003
Electric	321	790	34	1,145
Travel	1,109	2,733	119	3,961
	<u>531,616</u>	<u>64,765</u>	<u>5,951</u>	<u>602,332</u>
Total Expenses Before Depreciation	562,030	139,712	9,209	710,951
Depreciation	970	2,392	104	3,466
Total Functional Expenses	<u>\$ 563,000</u>	<u>\$ 142,104</u>	<u>\$ 9,313</u>	<u>\$ 714,417</u>

The notes to financial statements are an integral part of these statements.

UNITED WAY OF CITRUS COUNTY, INC  
STATEMENTS OF CASH FLOWS

	For the years ended	
	March 31,	
	2010	2009
Cash Flows from Operating Activities:		
Cash received from public support	\$ 905,044	\$ 831,660
Interest received	7,698	8,922
Cash paid to agencies, employees and suppliers	(736,798)	(688,292)
Net Cash Provided By Operating Activities	<u>175,944</u>	<u>152,290</u>
Cash Flows from Investing Activities:		
Transfer (to) from restricted cash	6,210	(81,440)
Property and equipment purchases	(647)	(160)
Net Cash Provided by (Used) In Investing Activities	<u>5,563</u>	<u>(81,600)</u>
Net Increase in Cash	181,507	70,690
Cash - Beginning of year	333,730	263,040
Cash - End of year	<u>\$ 515,237</u>	<u>\$ 333,730</u>
Reconciliation of Increase in Net Assets to Net Cash Provided By Operating Activities:		
Increase in net assets	\$ 132,259	\$ 252,290
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	3,466	4,034
Unrealized gain on investments	-	(260)
Donation of land	(10,555)	-
Decrease (Increase) in accounts receivable	9,690	(9,690)
Decrease (Increase) in pledges receivable	33,561	(73,389)
Increase in prepaid expenses	(1,716)	(2,292)
Increase (Decrease) in accounts payable	2,096	(6,870)
Increase (Decrease) in accrued expenses	250	(1,698)
Decrease (Increase) in other assets	4,528	(5,804)
Increase (Decrease) in deposits held for others	2,365	(4,031)
Total Adjustments	<u>43,685</u>	<u>(100,000)</u>
Net Cash Provided By Operating Activities	<u>\$ 175,944</u>	<u>\$ 152,290</u>

The notes to financial statements are an integral part of these statements.

UNITED WAY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

The United Way of Citrus County, Inc. (the "Organization") is a not-for-profit voluntary health and human services agency established to increase the overall quality of life for those in the Citrus County, Florida area. To accomplish its mission, the Organization conducts fundraising campaigns and distributes resources to targeted community impact initiatives and various agencies/programs that are involved in providing services throughout Citrus County. The Organization's primary funding source is donor contributions from local citizens and businesses.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets as of March 31, 2010 and 2009. Temporarily restricted net assets are only restricted based upon the passage of time.

Support

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Special events – The Organization holds various events to raise additional funds.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

UNITED WAY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Provision for uncollectible pledges

Provision for uncollectible pledges is computed based upon a 2-year historical average adjusted by management estimates of current economic factors, applied to gross campaign pledges, excluding donor designations.

Investment Income

The Organization holds investments in certificates of deposit from which interest income is earned.

Property and Equipment

All acquisitions of property and equipment in excess of \$100 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also uses facilities rent-free which is provided by a local financial institution.

UNITED WAY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Under these provisions, no tax is paid on income it receives as long as it maintains its tax exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. The Organization annually files Form 990 as required for not-for-profit organizations. These returns are subject to examination by the applicable taxing authorities for the last three preceding years. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Compensated Absences

Employees of the Organization do not have vested rights in their accumulated compensated absences; therefore, no liability has been recorded at March 31, 2010 or 2009.

Retirement

The Organization has a defined contribution plan covering full time employees. The Organization makes contributions equal to 4% of participants' compensation when the participant becomes vested after one year of employment. Total contributions for the years ended March 31, 2010 and 2009 were \$3,518 and \$3,316, respectively.

Health Insurance Benefits

The Organization provides a stipend whereby full-time employees can offset the cost of health insurance but otherwise does not maintain a medical or dental insurance plan.

Concentrations

Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits and pledges receivable. The Organization places its cash deposits with high credit quality financial institutions. However, the maximum loss that would have resulted due to the excess of the deposit liabilities reported by the financial institutions over the amounts that would have been covered by federal insurance as of March 31, 2010 was \$33,469. These funds represent an account for which the Organization serves as fiscal agent.

UNITED WAY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Concentrations - (Continued)

The pledges receivable consist of pledges by individuals through payroll deductions and by business enterprises. The pledges are recorded net of an allowance for uncollectible amounts and, according to management, are collectible within one year.

Other Concentrations:

The Organization provides its services within the geographical boundaries of Citrus County, Florida.

The Organization is economically dependant on contributions from two major contributors. Such revenue amounted to \$387,634 and constituted 48% of total contributions for the year ended March 31, 2010. Should these contributors decrease or cease their funding it would substantially impact the Organization's programs and activities. Management understands that the loss of one of these contributors would necessitate alternative sources of funding. Management believes that such funding could be obtained before a significant impact on operations is realized.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted investments with maturity dates less than 90 days to be cash equivalents.

Advertising Costs

It is the policy of the Organization to expense advertising costs when incurred. For the years ended March 31, 2010 and 2009, advertising costs amounted to \$16,307 and \$16,144, respectively, which were funded via in-kind donations.

UNITED WAY OF CITRUS COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE B - PROMISES TO GIVE

Unconditional promises to give at March 31, 2010 and 2009 are as follows:

	2010	2009
2008 Campaign Pledges	\$ -	\$ 93,479
2009 Campaign Pledges	88,937	552,520
2010 Campaign Pledges	491,482	-
Less allowance for uncollectible pledges	(167,574)	(199,593)
Net unconditional promises to give	<u>\$ 412,845</u>	<u>\$ 446,406</u>

NOTE C - PROPERTY AND EQUIPMENT

As of March 31, 2010 and 2009, property and equipment comprised the following:

	2010	2009	Estimated Useful Lives (Years)
Land	\$ 10,555	\$ -	-
Computer equipment	18,826	19,994	3 - 5
Office furniture and equipment	4,516	4,435	5 - 7
Sign	557	1,740	2 - 7
	<u>34,454</u>	<u>26,169</u>	
Less accumulated depreciation	(16,876)	(16,284)	
	<u>\$ 17,578</u>	<u>\$ 9,885</u>	

Depreciation expense for the years ended March 31, 2010 and 2009 totaled \$3,466 and \$4,034, respectively.

NOTE D - RESTRICTIONS ON NET ASSETS

The restrictions on net assets at March 31, 2010 predominantly relate to funds raised through the annual campaign drive. These funds are raised for operations for the fiscal year ending March 31, 2011.

UNITED WAY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

NOTE E - DONATED SERVICES AND FACILITIES

The value of donated services and facilities included as contributions in the financial statements and the corresponding program expenses for the years ended March 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Facilities	\$ 34,924	\$ 45,000
Advertising	16,307	16,144
Other Expenses	-	21,940
Donated land	10,555	-
	<u>\$ 61,786</u>	<u>\$ 83,084</u>

NOTE F - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Functional expenses which are not directly attributable to one function are allocated between program services, management and general and fundraising based on a time study prepared by management. The time study allocates services based on the number of employees involved, the amount of time spent, and the percentage of their salary associated with that time.

For the years ended March 31, 2010 and 2009, the percentage of management and general expenses to total revenue approximated 16.8% and 13.5%, respectively.