

CHAR-EM UNITED WAY

(a Michigan nonprofit corporation)

FINANCIAL STATEMENTS

for the year ended June 30, 2011

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

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MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

October 19, 2011

To the Board of Trustees of
Char-Em United Way:

We have audited the accompanying statement of financial position of Char-Em United Way (a nonprofit organization) as of June 30, 2011, 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 Char-Em United Way as of June 30, 2011, 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.

Mason & Kammermann, P.C.

CHAR-EM UNITED WAY
STATEMENT OF FINANCIAL POSITION
as of June 30, 2011

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 202,350
Unconditional promises to give, less allowance for uncollectible promises of \$20,000	<u>115,760</u>
Total current assets	318,110
OFFICE EQUIPMENT	
Less accumulated depreciation	\$ 10,306 <u>(3,776)</u>
Total office equipment	6,530
OTHER ASSET,	
Interest in net assets of community foundation	<u>27,207</u>
Total assets	<u>\$ 351,847</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 5,847
Agency allocations payable	<u>172,607</u>
Total current liabilities	178,454
NET ASSETS:	
Unrestricted	173,108
Temporarily restricted	<u>285</u>
Total net assets	<u>173,393</u>
Total liabilities and net assets	<u>\$ 351,847</u>

The accompanying notes are a part of the financial statements.

CHAR-EM UNITED WAY

STATEMENT OF ACTIVITIES

for the year ended June 30, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES AND SUPPORT:			
Campaign support	\$ 384,657	\$ -	\$ 384,657
Less designations	(43,094)	-	(43,094)
Less provision for uncollectible pledges	<u>(9,870)</u>	<u>-</u>	<u>(9,870)</u>
Total campaign support	331,693	-	331,693
Contributions and grants	11,403	21,583	32,986
Investment income	10,672	-	10,672
Special fundraising event, net of costs of \$4,139	2,974	-	2,974
Net assets released from restrictions	<u>22,448</u>	<u>(22,448)</u>	<u>-</u>
Total revenues and support	379,190	(865)	378,325
EXPENSES:			
Program services	327,059	-	327,059
Management and general	19,780	-	19,780
Fund-raising	<u>27,871</u>	<u>-</u>	<u>27,871</u>
Total expenses	<u>374,710</u>	<u>-</u>	<u>374,710</u>
Change in net assets	4,480	(865)	3,615
NET ASSETS, July 1, 2010	<u>168,628</u>	<u>1,150</u>	<u>169,778</u>
NET ASSETS, June 30, 2011	<u>\$ 173,108</u>	<u>\$ 285</u>	<u>\$ 173,393</u>

The accompanying notes are a part of the financial statements.

CHAR-EM UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2011

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL
Grants	\$ 232,370	\$ -	\$ -	\$ 232,370
Salaries, wages and benefits	49,017	9,967	7,114	66,098
Payroll taxes	4,393	894	638	5,925
Vista volunteer cost share	3,000	-	-	3,000
Rent	5,129	385	440	5,954
Advertising	2,158	10	1,485	3,653
Supplies	6,497	249	4,250	10,996
Printing	341	-	4,766	5,107
Insurance	-	2,061	-	2,061
Conferences and travel	2,839	364	33	3,236
Volunteer recognition	1,533	36	3,414	4,983
Contracted services	10,999	105	1,490	12,594
Telephone	1,716	399	155	2,270
Service fees paid to other United Ways	-	-	1,559	1,559
Postage	913	105	1,768	2,786
Accounting and auditing	-	4,328	-	4,328
Memberships and dues	4,183	345	570	5,098
Miscellaneous	1,971	532	189	2,692
Total expenses	<u>\$ 327,059</u>	<u>\$ 19,780</u>	<u>\$ 27,871</u>	<u>\$ 374,710</u>

The accompanying notes are a part of the financial statements.

CHAR-EM UNITED WAY

STATEMENT OF CASH FLOWS

for the year ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 3,615

Adjustments to reconcile change in net assets
to net cash provided by operating activities:

Depreciation	\$ 1,851
Decrease in accounts payable and accrued expenses	1,241
Increase in unconditional promises to give	(15,979)
Increase in agency allocations	<u>33,316</u>

Total adjustments 20,429

Net cash provided by operating activities 24,044

CASH FLOWS USED BY INVESTING ACTIVITIES:

Increase of interest in net assets of community foundation	(27,207)
Purchase of fixed assets	<u>(4,006)</u>

Net cash used by investing activities (31,213)

Net decrease in cash and cash equivalents (7,169)

CASH AND CASH EQUIVALENTS, July 1, 2010 209,519

CASH AND CASH EQUIVALENTS, June 30, 2011 \$ 202,350

The accompanying notes are a part of the financial statements.

CHAR-EM UNITED WAY

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

NOTE A - NATURE OF ACTIVITIES:

The Char-Em United Way is a voluntary health and welfare organization that provides financial support for 501(c)(3) organizations providing services in Charlevoix and Emmet Counties, Michigan.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of Char-Em United Way have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Char-Em United Way records annual commitments by donors and uses the allowance method to estimate uncollectible amounts. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for estimated uncollectible promises to give was \$20,000 at June 30, 2011.

Contributed Services, Materials and Facilities

During the year ended June 30, 2011, the value of contributed materials, services and use of facilities meeting the requirements for recognition in the financial statements totaled \$10,637. Revenue was recognized for the market value of the contributed items and a corresponding cost was allocated to the appropriate expense or fixed asset categories based on the use of the item. In addition, many individuals volunteer their time and perform a variety of tasks that assist the United Way. In accordance with generally accepted accounting principles, these labor costs have not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHAR-EM UNITED WAY

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Equipment

The United Way capitalizes all equipment with a purchased cost or a donated fair market value of \$1,000 or more. Any equipment costing or valued at less than \$1,000 is expensed. Capitalized equipment is depreciated over its estimated useful life using the straight-line method. During the year, the United Way retired \$17,768 of fully depreciated capital assets. Most of the current furniture and fixtures used by the United Way were obtained through donations and the fair market value, at the time of donation, was below the capitalization threshold.

Financial Statement Presentation

The United Way is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The United Way had \$285 of temporarily restricted net assets at June 30, 2011.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The United Way records donations of non-cash assets at their appraised or fair value at the date of gift.

Income Taxes

The United Way is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the United Way considers all highly liquid investments available for current use with an initial maturity of less than ninety days to be cash equivalents. At June 30, 2011, all cash in bank is FDIC insured.

NOTE C - AGENCY GRANTS AND DESIGNATIONS:

For the year ended June 30, 2011, the United Way issued grants to other local health and welfare agencies totaling \$232,370, net of \$5,000 returned unused from a prior year. In addition, the United Way accepts donations that are already designated for specific agencies. Designated donations totaled \$43,094 for the year ended June 30, 2011.

CHAR-EM UNITED WAY

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2011

NOTE D - OPERATING LEASE:

The United Way leases its office space from the American Red Cross subject to an operating lease effective April 16, 2010. Under the terms of the lease, the United Way will pay rent of \$5,599 and \$5,700 for the years ended June 30, 2012 and 2013, respectively. Rent for the year ended June 30, 2011 was \$5,429.

NOTE E - ENDOWMENT FUNDS:

The United Way has contributed to an agency endowment fund benefiting the United Way, held by the Petoskey-Harbor Springs Area Community Foundation. These transfers have been recorded as an interest in net assets of community foundation totaling \$27,207.