

**UNITED WAY of
SAN LUIS OBISPO COUNTY**

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

For the Years Ended
June 30, 2011 and 2010

UNITED WAY OF SAN LUIS OBISPO COUNTY

Independent Auditor's Report and Financial Statements

For the Years Ended June 30, 2011 and 2010

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Board of Directors
United Way of San Luis Obispo County
San Luis Obispo, California

I have audited the accompanying statements of financial position of United Way of San Luis Obispo County (a non-profit organization), as of June 30, 2011 and 2010, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with U.S. generally accepted auditing standards. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of San Luis Obispo County, as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



CROSBY COMPANY
Certified Public Accountant

August 19, 2011

UNITED WAY OF SAN LUIS OBISPO COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

ASSETS	2011			2010
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 270,216	\$ 7,813	\$ 278,029	\$ 296,011
Accounts receivable	4,409		4,409	7,251
Pledges receivable, net of allowance for uncollectible pledges of \$19,651 and \$17,466, respectively.		167,706	167,706	166,679
Investments	57,005		57,005	48,361
Prepaid expenses	4,072		4,072	4,513
Total current assets	335,702	175,519	511,221	522,815
Equipment:				
Equipment and software, net of accumulated depreciation of \$19,827 and \$17,459, respectively.	2,853		2,853	3,923
Total assets	\$ 338,555	\$ 175,519	\$ 514,074	\$ 526,738
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 32,355	\$ -	\$ 32,355	\$ 22,536
Accrued vacation payable	9,534		9,534	9,005
Due to designated agencies payable		22,205	22,205	23,296
Deferred revenue	47,633		47,633	48,350
Total liabilities	89,522	22,205	111,727	103,187
Net assets:				
Unrestricted				
Appropriated - emergency reserves	250,000		250,000	250,000
Appropriated - community collaboration grant	25,000		25,000	25,000
Appropriated - Community Foundation	57,005		57,005	48,361
Unappropriated (deficit)	(82,972)		(82,972)	(51,568)
Temporarily restricted		152,664	152,664	151,308
Permanently restricted		650	650	450
Total net assets	249,033	153,314	402,347	423,551
Total liabilities and net assets	\$ 338,555	\$ 175,519	\$ 514,074	\$ 526,738

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SAN LUIS OBISPO COUNTY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2011 and 2010

	2011			2010	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Support and revenue:					
Campaign results applicable to current period					
Contributions received-current period	\$ 787,891	\$ 10,577	\$ 200	\$ 798,668	\$ 687,834
Contributions received-prior periods (released from restriction)	184,145	(184,145)			
Allowance for uncollectible pledges-prior periods (released from restriction)	(17,466)	17,466			
Campaign results received for next allocation period		187,357		187,357	184,145
Less allowance for uncollectible pledges (current period)		(19,651)		(19,651)	(17,466)
Gross campaign results	954,570	11,604	200	966,374	854,513
Campaign adjustments applicable to current period					
Less designated contributions	(606,400)			(606,400)	(502,317)
Net assets released from restrictions	10,248	(10,248)			
Net campaign revenue	358,418	1,356	200	359,974	352,196
Other revenue					
Interest income	3,965			3,965	5,159
Grant and special event income, net of \$777 direct expense for 2011 and \$16 for 2010.	132,732			132,732	48,610
Donations - trusts	9,334			9,334	7,003
Donations - in-kind	40,611			40,611	16,503
Gain (loss) on investments	7,192			7,192	2,605
Total other revenue	193,834	-	-	193,834	79,880
Total support and revenues	552,252	1,356	200	553,808	432,076
Allocations and functional expenses:					
Funds allocated to member agencies	145,000			145,000	201,215
Funds to designated agencies	606,400			606,400	502,317
Less: Designated distributions	(606,400)			(606,400)	(502,317)
Functional expenses					
Program services	213,871			213,871	175,284
Management and general	85,829			85,829	68,932
Fundraising	130,312			130,312	121,365
Total expenses	575,012	-	-	575,012	566,796
Change in net assets:	\$ (22,760)	\$ 1,356	\$ 200	\$ (21,204)	\$ (134,720)

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SAN LUIS OBISPO COUNTY

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets - June 30, 2009:	\$ 413,790	\$ 144,181	\$ 300	\$ 558,271
Change in net assets	(141,997)	7,127	150	(134,720)
Net assets - June 30, 2010:	271,793	151,308	450	423,551
Change in net assets	(22,760)	1,356	200	(21,204)
Net assets - June 30, 2011:	\$ 249,033	\$ 152,664	\$ 650	\$ 402,347

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SAN LUIS OBISPO COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2011 and 2010

	2011				2010
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund-Raising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits:					
Salaries	\$ 65,972	\$ 51,344	\$ 76,813	\$ 194,129	\$ 192,089
Payroll tax	5,598	4,296	6,486	16,380	15,875
Workers' compensation insurance	425	207	984	1,616	1,576
Employee benefits	8,819	4,211	9,408	22,438	23,200
Total salaries and benefits	80,814	60,058	93,691	234,563	232,740
Services and supplies:					
Special programs and contract services	94,177			94,177	49,050
Bank charges		9,646		9,646	6,542
Bookkeeping/audit services		5,000		5,000	5,000
Campaign materials			2,248	2,248	5,608
Dues and subscriptions			1,325	1,325	1,170
Field expense			1,076	1,076	1,097
Liability insurance	803	597	932	2,332	1,401
Office supplies	1,557	1,158	1,806	4,521	4,576
Postage	1,150	855	1,333	3,338	2,118
Public information	15,837		14,618	30,455	17,755
Rent	5,879	4,370	6,817	17,066	17,963
Repairs, maintenance and technical support	2,474	1,838	2,867	7,179	7,560
Telephone	1,124	835	1,303	3,262	4,241
Training and meeting expense	1,165	866	1,350	3,381	1,727
United Way of America	8,075			8,075	4,838
Total services and supplies	132,241	25,165	35,675	193,081	130,646
Total expenses before depreciation	213,055	85,223	129,366	427,644	363,386
Depreciation	816	606	946	2,368	2,195
Total functional expenses	\$ 213,871	\$ 85,829	\$ 130,312	\$ 430,012	\$ 365,581

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SAN LUIS OBISPO COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2011 and 2010

Cash flows from operating activities:

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

- Depreciation
- Increase in allowance for uncollectible pledges
- Gain on investments

Change in certain operating assets and liabilities:

- (Increase) decrease in accounts receivable
- (Increase) decrease in pledges receivable
- (Increase) decrease in prepaid expenses
- Increase (decrease) in accounts payable
- Increase in accrued vacation payable
- Decrease in due to designated agencies payable
- Increase (decrease) in deferred revenue

Net cash flows used by operating activities

Cash flows from investing activities:

- Investment additions
- Purchase of equipment

Net cash flows used by investing activities

Net change in cash and cash equivalents:

Cash and cash equivalents at beginning of period:

Cash and cash equivalents at end of period:

	2011 <u>Total</u>	2010 <u>Total</u>
	\$ (21,204)	\$ (134,720)
	2,368	2,195
	2,185	1,449
	(7,192)	(2,605)
	2,842	(4,412)
	(3,212)	2,051
	441	(1,614)
	9,819	(12,551)
	529	2,709
	(1,091)	(15,619)
	(717)	36,508
	(15,232)	(126,609)
	(1,452)	(1,796)
	(1,298)	
	(2,750)	(1,796)
	(17,982)	(128,405)
	296,011	424,416
	\$ 278,029	\$ 296,011

Supplemental information:

No cash was paid for interest or taxes for the years ended June 30, 2011 and 2010.

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 1: ORGANIZATION

United Way of San Luis Obispo County (UWSLOC) is an independent nonprofit public benefit corporation governed by a Board of local volunteers, affiliated by membership with United Way Worldwide but addressing local needs as determined by our local communities. By encouraging our community members to give, advocate and volunteer, we seek to highlight critical health and human service issues and to focus support and contributions where the need is greatest in this community. Our mission is to improve lives by mobilizing the caring power of our community. Our vision is to build a stronger healthier, more compassionate community in San Luis Obispo County by focusing on three areas – education, income and health.

UWSLOC partners with local agencies, businesses, service organizations, governments, neighborhoods and individuals, drawing together diverse collaborations of stakeholders to work towards eliminating the root causes that perpetuate unacceptable social issues. Through continuous fundraising efforts on behalf of our Community Impact Fund, we provide grants annually to nonprofit programs based in San Luis Obispo County that align with our three areas of impact. By concentrating on these initiatives and their objectives, UWSLOC and other local nonprofits are able to advance the common good by making long-lasting changes and increasing the quality of life for County residents.

UWSLOC remains committed to work towards and funding the establishment of programs that focus on prevention and continues to be dedicated to providing a safety net for local agencies through emergency funding requests. All grant proposals and emergency funding requests are reviewed by community volunteers and approved by the UWSLOC Board of directors. United Way also conducts its fundraising campaigns to support contributions to local, national and international nonprofit agencies on behalf of donors who wish to designate their gifts.

UWSLOC has been determined to be tax exempt pursuant to the provisions of the Internal Revenue Code 501(c)(3), and the California revenue and Taxation Code, Section 23701(d). The original agency was established in 1958 as Associated in Group Donors and was incorporated as United Way of San Luis Obispo County in 1988.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. The financial resources are maintained in accordance with the principles of fund accounting.

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *unrestricted operating fund* is utilized to record contributions, fund-raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund-raising efforts of the Organization.

The *temporarily restricted fund* is utilized to record resources received by the Organization that is temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

The *permanently restricted fund* represents funds subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income, or some portion thereof, be used for operations.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily-restricted. When the donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of support, revenues, allocations and expenses as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents includes all liquid investments including money market accounts and certificates of deposits.

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Management has determined that an allowance for doubtful accounts receivable would be zero based on the organization's credit policies, prior collection experience, and the type of customers associated with United Way of San Luis Obispo County.

Pledges receivable are recorded for each donor as a current receivable, net of allowance for uncollectible pledges.

Equipment

Equipment is recorded at cost or fair market value at date of donation. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the estimated useful life of the asset.

Income Taxes

United Way of San Luis Obispo County is recognized by the Internal Revenue Service as a qualified section 501(c)(3), non-profit organization, and as such, is not liable for Federal income or State Franchise tax.

Investments

Investments were recorded at their fair market value, and consisted of marketable securities.

Concentration of Risk

The Organization maintains its cash in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Effective October 3, 2008, the FDIC temporarily increased insured deposits up to \$250,000. This insured limit is scheduled to return to the \$100,000 limit after December 31, 2013.

Comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information is presented for comparative purposes only. Additional detailed information is presented in the prior year financial statements from which the summarized information was derived.

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 3: EQUIPMENT

Summaries of fixed assets by major classifications at June 30, 2011 and 2010 are as follows:

	<u>Equipment</u>	<u>Depreciation Expense</u>	<u>Totals</u>
Balance at July 1, 2010	\$ 21,382	\$ 17,459	\$ <u>3,923</u>
Additions	<u>1,298</u>	<u>2,368</u>	
Balance at June 30, 2011	\$ <u>22,680</u>	\$ <u>19,827</u>	\$ <u>2,853</u>

NOTE 4: VACATION PAYABLE

United Way of San Luis Obispo County has accrued a liability for vacation leave earned but not taken by staff employees in the amount of \$9,534 and \$9,005 for June 30, 2011 and 2010, respectively. This accrual was calculated on actual vacation days earned and applied to the individuals' hourly rate.

NOTE 5: LEASE COMMITMENTS

The Organization assumed a new lease agreement starting on May 1, 2009 for the administration offices. Total rent expense for the years ended June 30, 2011 and 2010 were \$17,066 and \$17,963, respectively.

Minimum future lease payments are, as follows:

For the Year Ending:	<u>Payment Total</u>
June 30, 2012	\$ 13,978
June 30, 2013	13,978
June 30, 2014	<u>11,648</u>
Total	\$ <u>39,604</u>

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 6: UNITED WAY WORLDWIDE

United Way Worldwide provides support services to United Way of San Luis Obispo County for a fee. These support services include legal advice, marketing, personnel, training, advertising and campaign materials. Less than 1% of the announced campaign total is spent on these services.

NOTE 7: DONATED MATERIALS AND SERVICES

The United Way of San Luis Obispo County receives numerous donations of time and services from members of the community and volunteers. The value of these donations is reflected in the accompanying financial statements when an objective basis is available to measure the value of such services. In kind donations of fixed assets and supplies used directly by the Organization are recorded and valued at their appraised values at the time of the receipt.

The total in-kind donations received for the years ended June 30, 2011 and 2010 were \$40,611 and \$16,503, respectively.

In addition, during the June 30, 2011 fiscal year, the United Way of San Luis Obispo County also received approximately \$192,440 in public service announcement airtime from various contributors. This airtime was used to promote the United Way's mission and initiatives. Since this airtime was not used to promote fundraising directly, the airtime was not recorded as an in-kind donation.

Many contributions made to the United Way of San Luis Obispo County, are made with restrictions established by the donor. Generally these restrictions specify the charitable organization to receive the funds (a designated donation), or how the funds are to be disbursed. The donor is made aware that a specified percentage of the money pledged is to be used to increase resources available for Community Impact Fund.

UNITED WAY OF SAN LUIS OBISPO COUNTY

Notes to the Financial Statements

June 30, 2011 and 2010

NOTE 8: FUNCTIONAL EXPENSES

United Way of San Luis Obispo County programs and services, as identified by the United Way Worldwide Services Identification System, include but are not limited to: Allocating and Agency Relations (including Donor Option services), Information and Referral Service, Public Education, and Promotion of Volunteerism (including recruitment and referral/placement). Related program and service support includes: comprehensive planning and development, research and information dissemination, policy planning, programs development, programs coordination, standard setting and monitoring, and material resources provision. Management determined, in the current year, that a portion of the finance department compensation should also be allocated to related program and service support.

Total management & general, and fund-raising functional expenses as a percent of total campaign results and other revenue for the years ended June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Management and general	7.40%	7.38%
Fund-raising	<u>11.23%</u>	<u>12.99%</u>
Totals	<u>18.63%</u>	<u>20.37%</u>