United Way of the Eastern Upper Peninsula

FINANCIAL STATEMENTS

June 30, 2011

UNITED WAY OF THE EASTERN UPPER PENINSULA
BOARD OF DIRECTORS
2010 - 2011

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Carol Boger	President – Elect
Don Gerrie	Treasurer
Michelle Walk	Secretary
Henry Guzzo	Director
Tom Ewing	Director
Barry Davis	Director
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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of the Eastern Upper Peninsula
P.O. Box 451
Sault Ste. Marie, MI 49783

We have audited the accompanying statements of financial position of the United Way of the Eastern Upper Peninsula (a Michigan nonprofit corporation), as of June 30, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the United Way of the Eastern Upper Peninsula's 2010 financial statements and, in our report dated October 22, 2010, we expressed an unqualified opinion on those financial statements.

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 the United Way of the Eastern Upper Peninsula 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.

Our audit was made for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the United Way of the Eastern Upper Peninsula. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Anderson Tackman & Co. PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants

October 11, 2011

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788

(906) 495-5952 / FAX 495-7312
E-mail: antack@antack.com

Financial Statements

United Way of the Eastern Upper Peninsula

Statements of Financial Position
June 30, 2011 with Comparative Totals
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
ASSETS:				
Current assets:				
Cash and equivalents	$ 178,535	$ 1,586	$ 180,121	$ 102,249
Pledges receivable (Less allowance for uncollectible of $3,913 and $8,580, respectively)	91,377	-	91,377	110,450
Other receivables	-	-	-	350
Prepaid expenses	-	-	-	1,657
Total current assets	269,912	1,586	271,498	214,706
Noncurrent assets:				
Furniture and equipment (Less accumulated depreciation)	4,574	-	4,574	7,618
Total noncurrent assets	4,574	-	4,574	7,618
TOTAL ASSETS	$ 274,486	$ 1,586	$ 276,072	$ 222,324
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Allocations and designations payable	$ 99,854	$ -	$ 99,854	$ 101,624
Operating payables	6,715	-	6,715	3,160
Deferred revenue	-	1,586	1,586	12,067
Other liabilities	6,225	-	6,225	4,271
Total current liabilities	112,794	1,586	114,380	121,122
Net Assets:				
Unrestricted				
Unappropriated	115,123	-	115,123	45,513
Board appropriated	46,569	-	46,569	55,689
Total net assets	161,692	-	161,692	101,202
TOTAL LIABILITIES AND NET ASSETS	$ 274,486	$ 1,586	$ 276,072	$ 222,324

See accompanying notes to financial statements.

United Way of the Eastern Upper Peninsula

Statements of Activities
For the Year Ended June 30, 2011 with Comparative Totals
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
PUBLIC SUPPORT AND REVENUE:				
Gross campaign results	$ 264,989	$ -	$ 264,989	$ 299,226
(Less donor designations)	(40,729)	-	(40,729)	(75,397)
Net campaign revenue	224,260	-	224,260	223,829
Volunteer Center Expansion	-	-	-	2,971
Service fees	1,800	-	1,800	5,194
Special events	32,357	2,912	35,269	28,648
Other contributions	108,296	12,741	121,037	135,940
Grants and contracts	8,581	-	8,581	9,375
Investment income	248	-	248	288
Miscellaneous income	8,429	-	8,429	7,242
Net assets restrictions	(3,463)	3,463	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	380,508	19,116	399,624	413,487
EXPENSES:				
Program Services				
Gross funds awarded/distributed	124,809	-	124,809	198,418
(Less donor designations)	(40,729)	-	(40,729)	(75,397)
Net funds awarded/distributed	84,080	-	84,080	123,021
Other program services	138,311	17,815	156,126	209,377
Total Program Services	222,391	17,815	240,206	332,398
Supporting Services				
Organizational administration	48,909	-	48,909	48,631
Fundraising	46,533	676	47,209	25,210
United Way of America dues	2,185	625	2,810	2,863
Total Supporting Services	97,627	1,301	98,928	76,704
TOTAL EXPENSES	320,018	19,116	339,134	409,102
INCREASE (DECREASE) IN NET ASSETS	60,490	-	60,490	4,385
NET ASSETS - BEGINNING OF YEAR	101,202	-	101,202	96,817
NET ASSETS - END OF YEAR	$ 161,692	$ -	$ 161,692	$ 101,202

See accompanying notes to financial statements.

United Way of the Eastern Upper Peninsula

Statements of Cash Flows
For the Year June 30, 2011 with Comparative Totals
For the Year Ended June 30, 2010

	2011 Total	2010 Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 60,490	$ 4,385
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,045	4,121
Allowance for uncollectible	4,667	2,030
(Increase) decrease in operating assets:		
Pledges receivable	14,405	495
Other receivables	350	15,270
Prepaid expenses	1,657	(481)
(Decrease) increase in operating liabilities:		
Allocations and designations payable	(1,770)	17,074
Operating payables	3,555	(728)
Deferred Revenue	(10,481)	(7,207)
Other liabilities	1,954	(2,553)
Total adjustments	17,382	28,021
Net cash provided (used) by operating activities	77,872	32,406
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash payments for purchase of equipment	-	-
Net cash (used) by investing activities	-	-
Net increase (decrease) in cash and equivalents	77,872	32,406
Cash and equivalents, beginning of year	102,249	69,843
Cash and equivalents, end of year	$ 180,121	$ 102,249
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

There were no non-cash investing and financing activities in the current or prior year.

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Nature of Activities

United Way of the Eastern Upper Peninsula (the Agency) is a Michigan nonprofit corporation established on November 2, 1979 that administers an annual fundraising campaign in Chippewa County and surrounding areas, and uses those funds to support a variety of human services programs in Chippewa County and the surrounding areas. The Agency is governed by a 26 member volunteer board.

United Way of the Eastern Upper Peninsula changes lives and builds a stronger community by helping people create solutions to important health and human service issues. Through fundraising, volunteerism and increasing community sufficiency, the Agency makes Chippewa, Luce and Mackinac Counties a better place to live, work and raise a family.

The Agency's goals are to:

- Focus on the most critical needs in Chippewa, Luce and Mackinac Counties.
- Multiply the impact of donor contributions.
- Deliver results that are made possible through investment of donors' time, talent and financial support.

b. Campaign Pledges and Appropriations

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year end for any outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. The amounts outstanding are primarily due from individuals through payroll deductions.

The allowance for uncollectible pledges is computed based upon the Agency's experience over the past two years and any information supplied by the donor agency.

Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue but are reported as part of Campaign Results from which the amounts are then deducted to arrive at Campaign Revenue.

Donor designated pledges may be assessed a processing fee of 10% based upon historical costs of fundraising and operations in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost deduction for Designated Funds).* However, the United Way of the Eastern Upper Peninsula does not assess a processing fee.

c. Basis of Accounting

The Agency maintains its accounting records on the accrual basis, in accordance with U.S. generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

d. Financial Statement Presentation

The financial statement presentation follows the Financial Accounting Standards Board in ASC Topic 958 regarding "Financial Statements of Not-for-Profit Organizations." Under the ASC Topic, United Way of the Eastern Upper Peninsula is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Agency is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Agency.

The Agency's Board of Directors may designate a portion of unrestricted net assets for a specific purpose. As of June 30, 2011, the Board has set two reserves – Operating and Agency Stabilization. Both are funded at two months of total estimated payments for the next fiscal year.

e. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily-restricted or permanently-restricted support that increases those net asset classes.

When a 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 on the statement of activities 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.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value.

f. Furniture and Equipment

The Agency's furniture and equipment are carried at historical cost or fair market value if donated, less accumulated depreciation. The Agency capitalizes assets with a life of one year or more and greater than $500. The current year's depreciation is computed according to the straight-line method over the following estimated useful lives:

Furniture and Fixtures	3-5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

g. Contributed Facilities, Property and Equipment

Contributed facilities, property and equipment are recorded at fair value at the date of donation.

For the period March 1, 2010 through February 28, 2011, the Agency entered into an arrangement with a local bank for the use of office space at a rate of $1,136, increasing to $1,170 for the period March 1, 2011 through February 28, 2012, of which all but $75 per month is donated. The fair market value of these facilities, as established by the donor, is set at $12 per square foot. The Agency rents 1,161 square feet. The total fair market rent for the year is recorded as rent expense with an offset of unrestricted support in the amount of $13,762.

If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

h. Contributed Services

No amounts have been reflected in the statements for contributed services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Agency's program services and in its fundraising campaigns.

i. Cash and Equivalents

For purposes of the statements of financial position and cash flows, the Agency considers all cash held in checking and savings accounts to be cash and cash equivalents. Management believes the Agency is not exposed to any significant credit risk on cash and cash equivalents.

j. Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the fund-raising activities benefited.

k. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowances for uncollectible pledges. Because of the inherent uncertainties in estimating uncollectible pledges, it is reasonably possible that management's estimates could change in the near term.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

l. Advertising

Advertising costs are expensed in the year incurred. Total advertising expense for the year ended June 30, 2011 was $0.

m. Income Taxes

United Way of the Eastern Upper Peninsula is a non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income taxes are accrued nor is a provision computed in the accompanying statements. The Agency did not have any unrelated business income.

n. Combined Federal Campaign

CFC contracts with the Agency to manage the campaign and administer the funds of CFC. In accordance with United Way of America's revised *Financial Statement Standards (Membership Standard H)*, campaign results of CFC are included in the gross campaign results of the Agency.

o. Fundraising Costs

The Agency expenses all fundraising costs as they are incurred.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

q. Prior Period Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

NOTE 2 - RETIREMENT PLAN:

In January 2003, the board instituted a SIMPLE Retirement Incentive Match plan for the Agency's two full time employees. The Agency will match employee's contributions up to 3% of compensation. Contributions to this plan were $1,848 and $2,417 and eligible wages were $71,292 and $74,336 for fiscal 2011 and 2010 respectively.

NOTE 3 - FURNITURE AND EQUIPMENT:

A summary of furniture and equipment as of and for the year ended June 30, 2011 and 2010 is as follows:

	2011	2010
Furniture and equipment	$ 37,712	$ 37,712
Less: Accumulated depreciation	(33,138)	(30,094)
Furniture and equipment, net	$ 4,574	$ 7,618

Depreciation expense for the year ended June 30, 2011 and 2010 amounted to $3,045 and $4,121.

NOTE 4 - PLEDGES RECEIVABLE:

Pledges Receivable is made up of the following unconditional promises and allowance for uncollectible accounts:

		Receivable Expected		
	2011 Unrestricted	≤ 1 year	1-5 years	≥ 5 years
Undesignated	$ 95,290	$ 95,290	$ -	$ -
Less Allowance for Uncollectible	(3,913)			
Pledges Receivable	$ 91,377			

Allowance for uncollectible is computed based upon management's estimates of actual collections for the twelve month period after June 30, 2011.

NOTE 5 - CASH AND EQUIVALENTS:

The Agency's composition of cash and equivalents as of June 30, 2011 (carrying amount) is summarized as follows:

	Use Composition			Deposit Composition	
	2011	2010		2011	2010
Unrestricted	$ 180,121	$ 102,249	Checking and Savings	$ 180,121	$ 102,249
Totals	$ 180,121	$ 102,249		$ 180,121	$ 102,249

The bank balance of the Agency's deposits is $181,277, of which 100% is covered by federal depository insurance. $102,249 of deposits were insured for fiscal 2010.

NOTE 6 - VOLUNTEER CENTER:

All activity for the Center is shown in the Temporarily Restricted sections of the financial statements. As of the year ended June 30, 2011 the Center has incurred expenses in the amount of $19,116.

The Volunteer Center is also the subrecipient of a Community Foundation of the Upper Peninsula endowment. The endowment balance as of June 30, 2011, is $183,547. The amount available on the endowment balance granted to the Agency during the year was $0 and must be used for Volunteer Center purposes under variance power granted by the foundation. Up to 5% of funds in the excess of their basis can be remitted each year. The United Way endowment fund balance was $2,800 at June 30, 2011.

NOTE 7 - NET ASSETS:

The components of net assets were as follows at June 30, 2011 and 2010:

	2011	2010
Unrestricted:		
Appropriated – Operational Reserves	$ 23,600	$ 21,417
– Agency Stabilization	22,969	34,272
Total Designated	46,569	55,689
Unappropriated	115,123	45,513
Total Unrestricted	$ 161,692	$ 101,202

NOTE 8 - RELATED PARTIES:

Various members of the Board of Directors are also involved with participating agencies providing volunteer services and donations.

United Way of the Eastern Upper Peninsula has a fiscal agent relationship with the U.P. North Michigan Area Combined Federal Campaign which is subject to annual renewal and was renewed in 2011 for the period of one year.

The Agency has paid monthly dues to the United Way of America, its national affiliate, in the amount of $2,810 for the year ended June 30, 2011.

NOTE 9 - FEDERAL AND STATE CONTRACTS:

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed would not have a material effect on the Agency's financial position.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and pledges receivable. The Agency places its cash with financial institutions and limits the amount of credit exposure. Concentrations of credit with respect to pledges receivables are limited due to the large number of pledges comprising the Agency's donor base and their dispersion across different industries and geographic locations.

NOTE 11 - LEASE AGREEMENT:

The Agency leases certain copy equipment under an operating lease expiring in April 2012. Rental expense for fiscal 2011 is approximately $648 plus $.0165 per copy per month.

Other Information

United Way of the Eastern Upper Peninsula

Statement of Functional Expenses
As of June 30, 2011

	United Way of the Eastern Upper Peninsula - Unrestricted				Volunteer Center - Temporarily Restricted			
EXPENSES	Program Services	Organizational Administration	Fundraising	Total	Program Services	Fundraising	Total	Consolidated Total
Allocations/Awards	$ 124,809	$ -	$ -	$ 124,809	$ -	$ -	$ -	$ 124,809
(Less donor designations)	(40,729)	-	-	(40,729)	-	-	-	(40,729)
Sub-total	84,080	-	-	84,080	-	-	-	84,080
Salaries & Fringes	15,832	36,583	15,775	68,190	10,916	-	10,916	79,106
Sub-total	15,832	36,583	15,775	68,190	10,916	-	10,916	79,106
Combined Federal Campaign	95,434	-	-	95,434	-	-	-	95,434
Supplies	-	-	8,920	8,920	-	-	-	8,920
Repairs	670	188	214	1,072	-	-	-	1,072
Professional services	5,201	1,660	1,461	8,322	-	-	-	8,322
Occupancy	8,601	2,408	2,752	13,761	-	-	-	13,761
Insurance	1,260	353	403	2,016	-	-	-	2,016
Telephone	1,024	287	328	1,639	-	-	-	1,639
Postage	2,316	649	741	3,706	-	-	-	3,706
Training & Travel	996	319	387	1,702	478	-	478	2,180
Events	-	-	13,453	13,453	-	676	676	14,129
Bank charges & Credit card fees	-	206	-	206	-	-	-	206
Dues and subscriptions	413	-	-	413	-	-	-	413
Volunteer luncheon	-	-	-	-	2,805	-	2,805	2,805
Office expense	4,728	1,324	1,512	7,564	-	-	-	7,564
Volunteer	-	-	-	-	3,616	-	3,616	3,616
Miscellaneous	1,836	1,887	587	4,310	-	-	-	4,310
Depreciation expense	-	3,045	-	3,045	-	-	-	3,045
Sub-total	122,479	12,326	30,758	165,563	6,899	676	7,575	173,138
United Way of America dues	1,366	382	437	2,185	625	-	625	2,810
TOTAL FUNCTIONAL EXPENSES	$ 223,757	$ 49,291	$ 46,970	$ 320,018	$ 18,440	$ 676	$ 19,116	$ 339,134

United Way of the Eastern Upper Peninsula

Schedule of Agency Allocations
As of June 30, 2011

	Total	Designated	Net
Community Health Access Coalition	$ 1,610	$ 1,005	$ 605
Northstar Habitat For Humanity	2,415	993	1,422
Salvation Army	16,103	4,125	11,978
EUP Community Dispute Resolution	2,818	17	2,801
EUP Learning Center	4,026	231	3,795
Feeding America	6,441	5,165	1,276
Great Lakes Recovery/New Hope House	12,077	1,983	10,094
Diane Peppler Resource Center	12,077	6,649	5,428
Sault Housing /Safe Haven	1,226	1,226	-
HOME	3,221	9	3,212
Hospice of Chippewa County	16,103	9,947	6,156
Luce Resource & Recreation	4,026	405	3,621
Girl Scouts of NW Great Lakes	8,856	873	7,983
American Red Cross	8,051	2,579	5,472
SPEAKS Education	1,609	231	1,378
Child & Family Services	2,414	33	2,381
Boy Scouts - Hiawathaland	5,634	3,926	1,708
Meals on Wheels	8,051	1,023	7,028
Boys and Girls Club of Bay Mills	8,051	309	7,742
Total Allocations	$ 124,809	$ 40,729	$ 84,080