



**United Way
of Greater Union County**

FINANCIAL STATEMENTS

AUGUST 31, 2008

**UNITED WAY OF GREATER UNION COUNTY
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AUGUST 31, 2008**

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees,
United Way of Greater Union County:

We have audited the accompanying statement of financial position of United Way of Greater Union County (a nonprofit organization) as of August 31, 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of United Way of Greater Union County'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 Greater Union County's August 31, 2007 audited financial statements, and in our report dated November 28, 2007, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 United Way of Greater Union County as of August 31, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2008 on our consideration of United Way of Greater Union County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Our audit was made for the purpose of forming an opinion on the financial statements of United Way of Greater Union County, Inc., taken as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

William Smith + Brown, PC

December 4, 2008

UNITED WAY OF GREATER UNION COUNTY
Statement of Financial Position
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents (notes 1 and 2)	\$ 150,820	\$ 215,781
Restricted cash - fiduciary funds (note 12)	5,882	5,882
Contributions receivable, net of allowance for uncollectible amounts of \$79,443 in 2008 and \$159,959 in 2007 (note 3)	952,158	702,476
Government grants receivable	53,362	58,266
Other receivables	73,146	23,523
Differential Response grant receivable	171,400	--
Other assets (note 9)	53,971	180,786
Beneficial interest in perpetual trust (note 7)	1,363,919	1,468,961
Investments (note 4)	770,968	1,059,040
Land, building and equipment, net (note 5)	<u>141,705</u>	<u>139,178</u>
TOTAL ASSETS	<u>\$ 3,737,331</u>	<u>\$ 3,853,893</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable (note 8)	\$ 186,954	\$ 207,152
Distributions payable (note 14)	1,318,105	1,220,891
Designations payable (note 11)	195,327	170,646
Fiduciary funds payable (note 12)	5,882	5,882
Government grants payable to subrecipients	<u>147,741</u>	<u>35,766</u>
Total liabilities	<u>1,854,009</u>	<u>1,640,337</u>
 Net assets (deficit):		
Unrestricted		
Operating	(127,681)	225,474
Board designated (note 6)	98,350	114,543
Investment in land, building and equipment	<u>141,705</u>	<u>139,178</u>
Total unrestricted	112,374	479,195
Temporarily restricted (note 7)	251,854	111,225
Permanently restricted (note 7)	<u>1,519,094</u>	<u>1,623,136</u>
Total net assets	<u>1,883,322</u>	<u>2,213,556</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,737,331</u>	<u>\$ 3,853,893</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Activities and Changes In Net Assets
For the Year Ended August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

	2008			2007	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Revenue:					
Regular campaign contributions	\$ 3,838,540	\$ 2,092	\$ --	\$ 3,840,632	\$ 3,582,157
Prior year	69,610	--	--	69,610	64,382
Total campaign contributions	3,908,150	2,092	--	3,910,242	3,646,539
Donor designated contributions	(1,936,750)	--	--	(1,936,750)	(1,711,126)
Estimated uncollectible contributions	(123,345)	--	--	(123,345)	(160,358)
Campaign contributions revenue, net	1,848,055	2,092	--	1,850,147	1,775,055
Special events revenue	95,523	4,325	--	99,848	63,368
Less special events expense	(50,438)	(1,622)	--	(52,060)	(40,200)
Net special events revenue	45,085	2,703	--	47,788	23,168
Other revenue					
Interest and dividend income (note 4)	19,195	--	--	19,195	43,238
Income distribution from perpetual trusts	59,908	--	--	59,908	41,571
Government grants	--	534,768	--	534,768	258,710
Other grants	629	303,781	1,000	305,410	185,986
Donated materials and supplies	86,671	--	--	86,671	--
Contract Cost Recovery	31,337	--	--	31,337	--
Service fee revenue	49,567	--	--	49,567	11,821
Incoming designation revenue	523,714	--	--	523,714	609,637
Net assets released from restrictions:					
Public support	136	(136)	--	--	--
Special events	40	(40)	--	--	--
Government grants	490,839	(490,839)	--	--	--
Other grants	211,700	(211,700)	--	--	--
Total other revenue	1,473,736	135,834	1,000	1,610,570	1,150,963
Total revenue	3,366,876	140,629	1,000	3,508,505	2,949,186
Operating:					
Program services:					
Distributions to agencies in Greater Union County	3,121,750	--	--	3,121,750	2,821,751
Less donor designated contributions	(1,936,750)	--	--	(1,936,750)	(1,711,126)
Net distributions to agencies in Greater Union County	1,185,000	--	--	1,185,000	1,110,625
Governmental grants	490,839	--	--	490,839	226,815
Other grants	398,136	--	--	398,136	305,436
Direct program services	895,569	--	--	895,569	544,373
Total program services	2,969,544	--	--	2,969,544	2,187,249
Supporting services:					
General and administration	267,726	--	--	267,726	362,138
Fund-raising	260,012	--	--	260,012	368,233
United Way of America dues	38,552	--	--	38,552	36,281
Total supporting services	566,290	--	--	566,290	766,652
Total operating expenses	3,535,834	--	--	3,535,834	2,953,901
Change in net assets before nonoperating activities	(168,958)	140,629	1,000	(27,329)	(4,715)
Nonoperating:					
Decrease in prepaid benefit cost: (note 9)					
Direct program services	100,851	--	--	100,851	123,735
Supporting services:					
General and administration	28,423	--	--	28,423	75,197
Fund-raising	19,383	--	--	19,383	70,093
Total decrease in prepaid pension cost	148,657	--	--	148,657	269,025
Net realized and unrealized loss (gain) on investments and beneficial interest in perpetual trusts (notes 4 and 7)	49,206	--	105,042	154,248	(159,628)
Total net realized and unrealized loss (gain) on beneficial interest in perpetual trusts	49,206	--	105,042	154,248	(159,628)
Total nonoperating	197,863	--	105,042	302,905	109,397
Change in net assets	(366,821)	140,629	(104,042)	(330,234)	(114,112)
Net assets as of beginning of year	479,195	111,225	1,623,136	2,213,556	2,327,668
Net assets as of end of year	\$ 112,374	\$ 251,854	\$ 1,519,094	\$ 1,883,322	\$ 2,213,556

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Functional Expenses
For the Year Ended August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

	2008													2007		
	Volunteer gifts in kind program	Community impact initiatives	Fund and grant distributions	Volunteer Center Initiative	Government grant distribution	Communi-cations for Com Impact	Strengthening Families	Total direct program services	General and administration	Supporting services			UWA Dues	Total	Total	
										Total supporting services	Fund-raising					
											General	Communications				Total
Distributions and grants														\$ 2,073,975	\$ 1,642,876	
Salaries	\$ 18,492	\$ 201,761	\$ 64,795	\$ 74,077	\$ 26,727	\$ 71,630	\$ 106,484	\$ 563,966	\$ 158,946	\$ 80,741	\$ 27,645	\$ 108,386	\$ 267,332	\$ --	831,298	707,297
Tax and fringe benefits	5,646	61,601	19,783	22,617	8,160	21,870	32,511	172,188	48,529	24,652	8,440	33,092	81,621	--	253,809	213,699
Total salaries and related expenses	24,138	263,362	84,578	96,694	34,887	93,500	138,995	736,154	207,475	105,393	36,085	141,478	348,953	--	1,085,107	920,996
Contract services	--	8,418	--	7,000	--	--	4,359	19,777	25,722	68,588	--	68,588	94,310	--	114,087	127,999
Transportation/meetings	782	8,527	2,738	3,131	1,130	3,027	2,615	21,950	6,717	3,412	1,168	4,580	11,297	--	33,247	23,775
Campaign/communications	--	--	--	--	--	47,441	--	47,441	--	12,773	12,773	25,546	25,546	--	72,987	68,665
Agency vehicles	324	324	1,294	776	194	324	752	3,988	647	971	324	1,295	1,942	--	5,930	5,405
Professional development & conferences	610	6,660	2,139	2,445	882	2,364	2,043	17,143	5,247	2,665	913	3,578	8,825	--	25,968	13,740
Office supplies	224	2,446	785	898	324	868	750	6,295	1,927	979	335	1,314	3,241	--	9,536	9,512
Telephone	470	5,125	1,646	1,882	679	1,820	1,572	13,194	4,038	2,051	702	2,753	6,791	--	19,985	23,499
Postage	337	3,677	1,181	1,350	487	1,306	1,128	9,466	2,897	1,472	504	1,976	4,873	--	14,339	17,390
Buildings and grounds	1,046	11,407	3,663	4,188	1,511	4,050	3,499	29,364	8,986	4,565	1,563	6,128	15,114	--	44,478	45,235
Administration printing	131	1,426	458	524	189	506	438	3,672	1,124	571	195	766	1,890	--	5,562	3,750
Recognition awards	169	1,847	593	678	245	656	567	4,755	1,455	739	253	992	2,447	--	7,202	984
Subscriptions	15	167	54	61	22	59	51	429	132	67	23	90	222	--	651	360
Insurance	262	2,860	918	1,050	379	1,015	877	7,361	2,253	1,144	392	1,536	3,789	--	11,150	10,865
Equipment maintenance and repair	1,055	11,511	3,697	4,226	1,525	4,087	3,531	29,632	9,069	4,607	1,577	6,184	15,253	--	44,885	46,207
Computer expenses	232	2,530	812	929	335	898	776	6,512	1,993	1,012	347	1,359	3,352	--	9,864	7,831
Building project expense	222	2,427	779	891	322	862	745	6,248	1,912	971	333	1,304	3,216	--	9,464	10,000
Other expenses	180	1,962	630	720	260	696	602	5,050	1,545	785	269	1,054	2,599	--	7,649	7,052
Total expenses before depreciation, shared expenses, decrease in prepaid benefit cost and distributions and grants	30,197	334,676	105,965	127,443	43,371	163,479	163,300	968,431	283,139	212,765	57,756	270,521	553,660	--	1,522,091	1,343,265
Retirement of furniture and equipment	16	174	56	64	23	62	53	448	137	70	24	94	231	--	679	23,487
Depreciation of furniture and equipment	629	6,866	2,205	2,521	910	2,438	2,106	17,675	5,409	2,748	941	3,689	9,098	--	26,773	27,258
United Way of America Dues	--	--	--	--	--	--	--	--	--	--	--	--	--	38,552	38,552	36,281
Total expenses before shared expenses, decreases in prepaid benefit cost distributions and grants	30,842	341,716	108,226	130,028	44,304	165,979	165,459	986,554	288,685	215,583	58,721	274,304	562,989	38,552	1,588,095	1,430,291
Expenses shared with affiliates and others:																
United Ways	(2,439)	(26,605)	(8,544)	(9,768)	(3,524)	(9,445)	(8,160)	(68,485)	(20,959)	(10,647)	(3,645)	(14,292)	(35,251)	--	(103,736)	(96,767)
Consulting contract	--	--	--	--	(22,500)	--	--	(22,500)	--	--	--	--	--	--	(22,500)	(22,500)
Total expenses before decrease in prepaid benefit cost and distributions and grants	28,403	315,111	99,682	120,260	18,280	156,534	157,299	895,569	267,726	204,936	55,076	260,012	527,738	38,552	1,461,859	1,311,024
Decrease in prepaid benefit cost reported as nonoperating	3,307	36,080	11,587	13,247	4,779	12,809	19,042	100,851	28,423	14,439	4,944	19,383	47,806	--	148,657	269,025
Total direct program expenses before distributions and grants	\$ 31,710	\$ 351,191	\$ 111,269	\$ 133,507	\$ 23,059	\$ 169,343	\$ 176,341	\$ 996,420	\$ 296,149	\$ 219,375	\$ 60,020	\$ 279,395	\$ 575,544	\$ 38,552	\$ 1,610,516	\$ 1,580,049
Total expenses															\$ 3,684,491	\$ 3,222,925

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Cash Flows
For the Year Ended August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (330,234)	\$ (114,112)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	28,291	27,258
Provision for uncollectible pledges	123,345	160,358
Net realized and unrealized loss (gain) on:		
Investments	49,206	(51,734)
Beneficial interest in perpetual trusts	105,042	(107,894)
Loss on disposal of assets	718	23,487
Change in:		
Contributions receivable	(373,027)	(97,299)
Government grants receivable	4,904	(10,120)
Other receivables	(49,623)	(21,773)
Condemnation receivable - parking lots	--	290,916
Differential Response grant receivable	(171,400)	--
Other assets	126,815	256,251
Accounts payable	(20,198)	(39,576)
Distributions payable	97,214	(25,928)
Designations payable	24,681	39,217
Government grants payable to sub-recipients	<u>111,975</u>	<u>10,120</u>
Net cash provided (used) by operating activities	<u>(272,291)</u>	<u>339,171</u>
Cash flows from investing activities:		
Maturities of short term investments	6,245,000	18,821,000
Purchases of short term investments	(6,006,134)	(19,028,759)
Purchases of furniture and equipment	<u>(31,536)</u>	<u>(21,951)</u>
Net cash provided (used) by investing activities	<u>207,330</u>	<u>(229,710)</u>
Net change in cash and cash equivalents	(64,961)	109,461
Cash and cash equivalents, at beginning of year	<u>215,781</u>	<u>106,320</u>
Cash and cash equivalents, at end of year	<u>\$ 150,820</u>	<u>\$ 215,781</u>
Supplemental schedule of noncash activity:		
Contributions of computer equipment distributed to participating member agencies or qualified programs	\$ 61,510	\$ 71,984

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

Note 1 - Summary of Significant Accounting Policies:

Nature of the Organization

United Way of Greater Union County (UWGUC) is a voluntary, not-for-profit organization whose principal activities are resource development, community impact and the support of voluntary health and welfare agencies which provide services in the community. UWGUC is an organization described under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from Federal income taxes under Section 501(a) of the Code. United Way is governed by a volunteer Board of Trustees.

Accounting Method

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared to focus on UWGUC as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by UWGUC. Generally, the donors of these assets permit the use of all or part of the income and gains on the related investments for general or specific purposes.
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of UWGUC or by the passage of time.
- Unrestricted net assets - net assets not subject to any donor-imposed stipulations (Note 6).

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

Reclassifications

Amounts previously reported in the 2007 summarized information have been reclassified to conform to the 2008 presentation. There was no effect on the change in net assets.

Non-operating Activity

It is the policy of UWGUC to record the actuarially determined benefit cost (credit) as non-operating activity in the statement of activities for the UWGUC pension plan. Additionally, the activity relating to the increase or decrease in the market value of securities is included in non-operating activity and the net change is not spread among functional areas.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. Contributions receivable are expected to be received within one year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

Note 1 - Summary of Significant Accounting Policies (Continued):

Contributions (Continued)

Donors can choose to designate that their contributions be distributed to a specific organization or another United Way. Such contributions are referred to as donor choice. The collection of these contributions and distributions to specified agencies or United Ways are transactions in which UWGUC is acting as an agent. These transactions are not reported in the statement of activities and changes in net assets as revenue and expenses, but are included in campaign contributions on the statement of activities and changes in net assets and then deducted as donor designated contributions before arriving at campaign contributions revenue.

Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities and changes in net assets, such prior year information is presented in total but not by net asset class. With respect to the statement of functional expenses, comparative prior year expenses are presented by object in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWGUC's financial statements for the year ended August 31, 2007, from which the summarized information was derived.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets.

Grants

Grants from governmental agencies are recorded as revenue when granted to the sub-recipient, i.e. expended.

Beneficial Interests in Perpetual Trusts

Amounts recorded as beneficial interest in perpetual trusts are measured based on the fair value of assets contributed to the trusts as of August 31, 2008. Annual distributions from the trusts are reported as investment income that increase unrestricted net assets, and changes in the fair value of the assets are recognized as net realized and unrealized gain (loss) on beneficial interest in perpetual trusts that increase or decrease permanently restricted net assets in the statement of activities and changes in net assets.

Land, Building and Equipment

Land is recorded at cost. Building and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty-five years. Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, would be included in property and equipment.

Distributions

Distributions are recorded as expenses when they are approved by the Board of Trustees and Communicated to the respective United Ways are generally payable within one year.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

Note 1 - Summary of Significant Accounting Policies (Continued):

Shared Expenses

United Way of Greater Union County has a shared expense arrangement where employees perform operational services for other United Ways. The expenditures related to these services are recorded as an offset to expenses in the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing the program and supporting services of UWGUC have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the functional categories benefited.

Concentration of Credit Risk

UWGUC maintains various bank and brokerage accounts. At times, amounts in those accounts may be in excess of the Federal Deposit Insurance Corporation insured limit. Management monitors the soundness of the institutions and considers the UWGUC's risk negligible.

Donated Services

A substantial number of volunteers have donated their time to UWGUC's program services and its fund-raising and administrative functions. No amounts have been included in the accompanying financial statements for donated services since such services did not meet recognition criteria specified in Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made."

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.

Note 2 - Cash and Cash Equivalents:

A summary of cash and cash equivalents is as follows as of August 31:

	<u>2008</u>	<u>2007</u>
Cash	\$ 110,490	\$ 117,356
Money market accounts	<u>40,330</u>	<u>98,425</u>
Total	<u>\$ 150,820</u>	<u>\$ 215,781</u>

Note 3 - Contributions Receivable:

Campaign receivables consist of the following at August 31:

	<u>2008</u>	<u>2007</u>
2008 - 2009 Campaign receivables	\$ 2,092	\$ --
2007 - 2008 Campaign receivables	<u>1,029,509</u>	<u>862,435</u>
	1,031,601	862,435
Less, allowance for uncollectible amounts	<u>(79,443)</u>	<u>(159,959)</u>
Contributions receivable, net	<u>\$ 952,158</u>	<u>\$ 702,476</u>

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties (note 8) on behalf of UWGUC and its member agencies that have not yet been received.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

Note 3 - Contributions Receivable (Continued):

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. In addition, amounts collected by third parties on behalf of UWGUC and its member agencies are reduced by amounts deemed to be uncollectible by the third party collector.

Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, is applied based on management's discretion.

Note 4 - Investments:

Investments are stated at fair value, based on quoted market prices, and consist of the following as of August 31:

	<u>2008</u>	<u>2007</u>
Mutual funds	\$ 567,398	\$ --
US Treasury notes	--	65,345
Repurchase agreements	130,000	420,000
Corporate stock	<u>73,570</u>	<u>573,695</u>
Total	<u>\$ 770,968</u>	<u>\$1,059,040</u>

Investment income (loss) consists of the following for the years ending August 31:

	<u>2008</u>	<u>2007</u>
Dividends and interest	\$ 19,195	\$ 32,857
Interest – parking lot condemnation	--	10,381
Unrealized gain (loss) on investments	<u>(49,206)</u>	<u>51,734</u>
Total	<u>\$ (30,011)</u>	<u>\$ 94,972</u>

Note 5 - Land, Building and Equipment:

Land, building and equipment includes the following as of August 31:

	<u>2008</u>	<u>2007</u>
Land	\$ 3,850	\$ 3,850
Building and equipment	<u>689,061</u>	<u>657,527</u>
	692,911	661,377
Less accumulated depreciation	<u>(551,206)</u>	<u>(522,199)</u>
Land, building and equipment, net	<u>\$ 141,705</u>	<u>\$ 139,178</u>

Note 6 - Board Designated Net Assets:

Board designated net assets included in unrestricted net assets include the following as of August 31:

	<u>2008</u>	<u>2007</u>
Community relations grant fund	\$ 78,072	\$ 105,196
Major gifts initiative	--	7,901
Future year special event	2,052	--
First Call for Help, Inc.	16,780	--
Special project/emergency matching fund	<u>1,446</u>	<u>1,446</u>
Total	<u>\$ 98,350</u>	<u>\$ 114,543</u>

UNITED WAY OF GREATER UNION COUNTY
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Note 7 - Restrictions on Net Assets:

Temporarily restricted net assets are available for the following purposes as of August 31:

	<u>2008</u>	<u>2007</u>
To benefit the children of Greater Union County	\$ 16,633	\$ 38,807
Needs Assessment grant	1,145	--
Day of Caring grant	643	3,550
Volunteer fair grant	2,500	145
Emergency aid	12,223	12,223
Volunteer program grant	--	19,500
Energy conservation grant	780	780
Family success initiative	211,513	36,045
Time restrictions	6,417	175
Total	<u>\$ 251,854</u>	<u>\$ 111,225</u>

Permanently restricted net assets as of August 31 and the designation of the related income are as follows:

	<u>2008</u>	<u>2007</u>
Children's Initiative in Union County:		
Dell Raudelunas Children's Fund	\$ 98,775	\$ 97,775
Alexis de Tocqueville Society Program Of United Way of Tri-State, Inc.	56,400	56,400
Unrestricted Purposes:		
Beneficial interest in perpetual trusts	<u>1,363,919</u>	<u>1,468,961</u>
Total	<u>\$ 1,519,094</u>	<u>\$ 1,623,136</u>

Beneficial interest in perpetual trusts comprises six trusts held in perpetuity by PNC Bank. The amounts held in trust are resources that are neither in the possession of nor under the management of UWGUC, but are held and administered by an external fiscal agent. UWGUC receives revenues from the trusts to be used for unrestricted purposes based on annual earnings of assets. The change in fair value of trust assets was a loss of \$105,042 and a gain of \$107,894 for the years ended August 31, 2008 and 2007, respectively, and is included in net realized and unrealized (gain) loss on investments and beneficial interest in perpetual trusts for the years then ended.

The following is a summary of the fair value, based on quoted market prices, of the UWGUC beneficial interest in the corpus of these trusts as of August 31:

	<u>2008</u>	<u>2007</u>
Jessie Munger	\$ 729,845	\$ 784,858
Walter L. Glenney	91,214	99,004
Grace N. and Harry H. Pond	92,147	100,947
Dorothy F. Waring	87,432	95,230
Dorothy Leal	24,873	27,069
Joseph L. Snyder	<u>338,408</u>	<u>361,853</u>
Total	<u>\$ 1,363,919</u>	<u>\$ 1,468,961</u>

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Note 8 - Affiliations:

UWGUC is a participant of United Ways of the New York, Connecticut and New Jersey Region which was formed to consolidate and coordinate fundraising for the charitable activities of autonomous local United Ways in New Jersey, New York, and Connecticut.

United Ways of the New York, Connecticut and New Jersey Region's formula provides for sharing unrestricted campaign contributions from coordinated system-wide accounts. Campaign contributions raised from local non-coordinated accounts are retained by the local United Way raising them and are not available for sharing through the United Ways of the New York, Connecticut and New Jersey Region distribution formula. Coordinated system-wide accounts contributions are segregated into restricted and unrestricted funds based on the donor's directions. Restricted contributions, less a processing fee, are distributed directly to the appropriate organization and do not affect the distribution of unrestricted contributions. Unrestricted contributions from coordinated system-wide accounts are distributed to the participants based on a "where raised factor," and a "community need factor." Accounts payable as of August 31, 2008 and 2007 includes \$117,828 and \$168,892, respectively, due to United Ways of the New York, Connecticut and New Jersey Region resulting from an overpayment of contributions.

Currently, United Way of America and United E-Way are managing the formula distribution and restricted giving, respectively, for subsequent campaign years.

Total campaign contributions for the years ended August 31, 2008 and 2007 have been reduced by \$596,297 and \$544,966, respectively, which represents the revenue raised by UWGUC in excess of the amount United Ways of the New York, Connecticut and New Jersey Region distributed to UWGUC.

Note 9 - Pension Plan:

UWGUC has a noncontributory defined benefit pension plan covering all employees who have attained age 21 and have at least one year of service. UWGUC's funding policy provides that payments to the pension plan shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 plus additional amounts which may be approved by UWGUC from time to time.

As of August 31, 2007, the Organization adopted provisions of FASB Statement 158 concerning the measurement date of plan assets and the benefit obligation for defined benefit pension and other postretirement plans. FASB Statement 158 requires that the measurement date be as of the statement of financial position date. UWGUC utilized a measurement date of August 31 for 2008 and 2007.

A summary of the plan's benefit obligation at August 31 as follows:

	<u>2008</u>	<u>2007</u>
Benefit obligation:		
Projected benefit obligation	\$1,299,770	\$1,201,962
Fair value of plan assets	<u>1,319,134</u>	<u>1,367,282</u>
Funded status	<u>\$ 19,364</u>	<u>\$ 165,320</u>
Prepaid benefit cost recognized in the statement of financial position as other assets	<u>\$ 19,364</u>	<u>\$ 165,320</u>
Accumulated benefit obligation	<u>\$1,017,201</u>	<u>\$ 903,710</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
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Note 9 - Pension Plan (Continued):

The amounts of benefit payments, and benefit cost reflected in the statements of activities and changes in net assets were as follows for the years ended August 31:

	<u>2008</u>	<u>2007</u>
Net periodic pension cost	\$ 81,625	\$ 63,351
Benefits paid	\$ --	\$ 191,979
Expense charges	\$ 10,493	\$ 11,079

Assumptions are as follows as of August 31:

	<u>2008</u>	<u>2007</u>
Measurement date	8/31/2008	8/31/2007
Discount rate	6.25%	6.25%
Rate of increase in compensation level	6.00%	6.00%
Expected long-term rate of return on plan assets	7.00%	7.00%

Change in unrestricted net assets to Initially apply FAS Statement No. 158	\$ --	\$ 175,222
Net change in funded status of plan	67,032	--
Settlement (gain)/loss	--	30,452
Net periodic pension cost	<u>81,625</u>	<u>63,351</u>
Total nonoperating	<u>\$148,657</u>	<u>\$ 269,025</u>

A. Reconciliation of items not yet reflected in net periodic benefit cost

1. Transition obligation or asset	\$ 5,530
2. Net prior service cost or credit	\$ 2,751
3. Net (gain) or loss	\$255,446

B. Estimated effect in next fiscal year – items not yet reflected in net periodic benefit cost

1. Transition obligation or asset	\$ 2,588
2. Net prior service cost or credit	\$ 225
3. Net (gain) or loss	\$12,873

C. No plan assets are expected to be returned to the employer during the September 1, 2008 to August 31, 2009 fiscal year.

The following table discloses the amount of benefits expected to be paid in future years:

<u>Year</u>	<u>Amount</u>
2009	\$ 29,000
2010	\$ --
2011	\$ 311,000
2012	\$ 10,000
2013	\$ 309,000
2014 - 2018	\$ 199,000

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2008
(With Summarized Comparative Information for August 31, 2007)

Note 9 - Pension Plan (Continued):

Plan assets comprise the following as of August 31:

	2008		2007	
Equity - All American Fund	\$749,378	56.81%	\$ 881,737	64.49%
Fixed Income	--	0.00	468,337	34.25%
General account	<u>569,755</u>	<u>43.19</u>	<u>17,208</u>	<u>1.26%</u>
Total	<u>\$ 1,319,134</u>	<u>100.00%</u>	<u>\$ 1,367,282</u>	<u>100.00%</u>

The expected long-term rate of return on plan assets assumption of 7.00% was selected using the "building block" approach described by Actuarial Standards Board in Actuarial Standards of Practice No. 27 – "Selection of Economic Assumptions for Measuring Pension Obligations". Based on UWGUC's investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 6.13% - 7.51%. A rate within the best estimate range of 7.0% was selected.

Mutual of America has been contracted to provide investment management services for the pension plan assets. The Contract provides for a General Account and investment alternatives under Mutual of America's Separate Account No. 1. The amounts maintained under the Contract shall be managed as a balanced fund and shall be diversified among and with principal classes of investment. The Plan assets are managed with a long-term asset mix guideline of 60% equity alternatives and 40% in the money market fund. Also, Plan assets are managed on a total return basis.

Note 10 - Commitments:

On April 30, 2002, UWGUC entered into a \$500,000 revolving line of credit with Bank of America for seasonal operating needs. The line provides for interest at prime (prime as of August 31, 2008 was 5.0%) plus 1.0%. UWGUC had no borrowing from this line at either August 31, 2008 or August 31, 2007. The line of credit is due on demand and is collateralized by assets of UWGUC.

Note 11 - Designations Payable:

At August 31, 2008 and 2007, UWGUC, acting as an intermediary organization, had \$195,327 and \$170,646, respectively, in unspent contributions received on behalf of other United Ways and agencies. These amounts will be sent to agencies and United Ways when restrictions imposed by the donor have been satisfied and when funds have been remitted to UWGUC.

Note 12 - Fiduciary Funds Payable:

UWGUC is acting as an intermediary for the donor and has no discretion concerning the use of the assets transferred.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
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(With Summarized Comparative Information for August 31, 2007)

Note 13 - Administrative Cost Ratio (Unaudited):

UWGUC calculates the ratio of support services to total revenue using the data on the IRS Form 990. This form is readily accessible and universally used to calculate the ratio for a nonprofit organization. The calculation method utilized is as follows:

	<u>2008</u>	<u>2007</u>
Supporting services:		
Form 990 line 14, management and general expenses	\$ 267,726	\$ 362,138
Form 990 line 15, fundraising expenses	260,012	368,233
Form 990 line 16, payments to affiliates	<u>38,552</u>	<u>36,281</u>
Total supporting service	<u>\$ 566,290</u>	<u>\$ 766,652</u>
Total revenue and support from Form 990 line 12	<u>\$ 5,445,255</u>	<u>\$ 4,660,312</u>
Administrative cost ratio	10.4%	16.4%

Note 14 – Distributions Payable:

This fiscal year the Board approved total program allocations of \$1,200,000 that included an award amount of \$15,000 from restricted funds and the balance \$1,185,000 to be expended from unrestricted funds. There was a total of \$26,525 expended this fiscal year from the \$74,374 that was set aside in the Community Relations Grant Fund as of August 31, 2007. UWGUC has awarded allocations to agencies for the two-year period that began October 1, 2006. However, there was extension of the UWGUC two-year award to agencies for an additional year that commences on October 1, 2008.

SUPPLEMENTARY INFORMATION

**United Way of Greater Union County, Inc.
 Schedule of Expenditures of State Awards
 Year Ended August 31, 2008**

State Grantor/ Pass-through Grantor/ Program Title	Contract Number	Grant Period	Expenditures
New Jersey Department of Human Services /Family success Center	DP-08-21	7/1/07-6/30/08	\$224,317
New Jersey Department of Children and Families /Differential Response Program	09BBXY	7/1/07-6/30/08	<u>171,400</u>
			<u>\$395,717</u>

See Independent Auditors' Report.
 See accompanying Note to Schedule of Expenditures of State Awards.

United Way of Greater Union County, Inc.
Note to Schedule of Expenditures of State Awards
August 31, 2008

1. Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of United Way of Greater Union County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Government Auditing Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Independent Auditors' Report.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors,
United Way of Greater Union County, Inc.:

We have audited the financial statements of United Way of Greater Union County, Inc. as of and for the year ended August 31, 2008, and have issued our report thereon dated December 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered United Way of Greater Union County, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Greater Union County, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way of Greater Union County, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Greater Union County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of United Way of Greater Union County, Inc. in a separate letter dated December 4, 2008.

This report is intended solely for the information and use of management, the finance committee, others within the entity, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "William Smith + Brown, PC".

December 4, 2008

**United Way of Greater Union County, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2008**

Current Year's Findings

(A) Audit Results

- 1) Report issued on financial statements: unqualified
 - 2) Disclosure necessary regarding noncompliance which is material to the financial statements:
none
 - 3) The following was determined to be a major program: No major programs
 - 4) Dollar threshold to distinguish between Type A and Type B programs: \$300,000
 - 5) The auditee was not audited as a low-risk auditee.
- (B) Findings related to the financial statements which are required to be reported in accordance with GAGAS:
none reported.
- (C) Findings and questioned costs for state awards: none reported.

**United Way of Greater Union County, Inc.
Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended August 31, 2008**

There were no findings or questioned costs in the prior year's audit.