



**United Way  
of Greater Union County**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

**UNITED WAY OF GREATER UNION COUNTY  
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 AUGUST 31, 2011**

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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, 2011, and the related statements of activities, 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 Organization's August 31, 2010 audited financial statements, and in our report dated November 30, 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 United Way of Greater Union County as of August 31, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 on our consideration of United Way of Greater Union County'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 considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming an opinion on the basic financial statements of United Way of Greater Union County taken as a whole. The accompanying schedules of federal and state financial assistance, schedules of findings and questioned costs and prior year findings and questioned costs are presented for purposes of additional analysis as required by the State of New Jersey, Department of the Treasury, OMB Circular 04-04-OMB, and are not a required part of the basic financial statements. This 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 basic financial statements taken as a whole.

*WithumSmith+Brown, PC*

December 13, 2011

**UNITED WAY OF GREATER UNION COUNTY**  
**Statements of Financial Position**  
**August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 236,485	\$ 245,154
Restricted cash - fiduciary funds (note 12)	5,882	5,882
Contributions receivable, net of allowance for uncollectible amounts of \$44,370 in 2011 and \$116,365 in 2010 (note 3)	1,882,203	1,339,941
Government grants receivable	39,200	60,770
Other receivables	51,546	3,817
Other assets	41,074	41,172
Beneficial interest in perpetual trust (notes 4 and 7)	1,506,195	1,330,540
Investments (note 4)	555,023	755,059
Land, building and equipment, net (note 5)	<u>387,487</u>	<u>414,101</u>
Total assets	<u>\$ 4,705,095</u>	<u>\$ 4,196,436</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 428,846	\$ 159,047
Line of Credit (note 10)	150,000	--
Distributions payable (note 14)	1,033,837	1,070,044
Deferred revenue - government grants	123,989	415,685
Pension liabilities (note 9)	145,811	401,806
Designations payable (note 11)	133,922	120,089
Fiduciary funds payable (note 12)	5,882	5,882
Government grants payable to subrecipients	<u>16,700</u>	<u>38,270</u>
Total liabilities	<u>2,038,987</u>	<u>2,210,823</u>
Net assets:		
Unrestricted (deficit)	175,356	(42,328)
Temporarily restricted (note 7)	829,382	542,226
Permanently restricted (notes 6 and 7)	<u>1,661,370</u>	<u>1,485,715</u>
Total net assets	<u>2,666,108</u>	<u>1,985,613</u>
Total liabilities and net assets	<u>\$ 4,705,095</u>	<u>\$ 4,196,436</u>

The Notes to Financial Statements are an integral part of these statements.

**UNITED WAY OF GREATER UNION COUNTY**  
**Statement of Activities**  
**For The Year Ended August 31, 2011**  
**(With Summarized Comparative Information for August 31, 2010)**

	2011			2010	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
<b>Revenue:</b>					
Regular campaign contributions/grants	\$ 3,055,675	\$ 770,461	\$ --	\$ 3,826,136	\$ 3,223,512
Prior year	23,759	7,500	--	31,259	134,415
Total campaign contributions	3,079,434	777,961	--	3,857,395	3,357,927
Donor designated contributions	(1,458,204)	--	--	(1,458,204)	(1,436,864)
Estimated uncollectible contributions	(49,433)	--	--	(49,433)	(243,363)
Campaign contributions revenue, net	1,571,797	777,961	--	2,349,758	1,677,700
Special events revenue	157,211	--	--	157,211	124,362
Less special events expense	(83,816)	--	--	(83,816)	(82,293)
Net special events revenue	73,395	--	--	73,395	42,069
<b>Other revenue</b>					
Interest and dividend income (note 4)	11,125	--	--	11,125	14,390
Income distribution from perpetual trusts	37,966	--	--	37,966	38,931
Government grants-prior year	--	--	--	--	58,382
Government grants	1,730,546	--	--	1,730,546	1,654,862
Other grants	14	286,795	--	286,809	792,890
Other revenue	32,104	--	--	32,104	60,682
Donated materials and supplies	41,800	--	--	41,800	44,267
Contract cost recovery	113,144	--	--	113,144	91,584
Service fee revenue	34,150	--	--	34,150	39,285
Incoming designation revenue	542,078	--	--	542,078	612,832
<b>Net assets released from restrictions:</b>					
Special events	3,252	(3,252)	--	--	--
Other grants	774,348	(774,348)	--	--	--
Total other revenue	3,320,527	(490,805)	--	2,829,722	3,408,105
Total revenue	4,965,719	287,156	--	5,252,875	5,127,874
<b>Operating:</b>					
<b>Program services:</b>					
Distributions to agencies in Greater Union County	2,483,721	--	--	2,483,721	2,532,214
Less donor designated contributions	(1,458,204)	--	--	(1,458,204)	(1,436,864)
Net distributions to agencies in Greater Union County	1,025,517	--	--	1,025,517	1,095,350
Direct program services	3,206,315	--	--	3,206,315	2,840,565
Total program services	4,231,832	--	--	4,231,832	3,935,915
<b>Supporting services:</b>					
General and administration	434,791	--	--	434,791	486,038
Fund-raising	402,762	--	--	402,762	399,506
Total supporting services	837,553	--	--	837,553	885,544
Total operating expenses	5,069,385	--	--	5,069,385	4,821,459
Change in net assets before nonoperating activities	(103,666)	287,156	--	183,490	306,415
<b>Nonoperating:</b>					
<b>Pension related (gains): (note 9)</b>					
Direct program services	(129,311)	--	--	(129,311)	(43,651)
Supporting services:				--	
General and administration	(79,745)	--	--	(79,745)	(32,555)
Fund-raising	(64,089)	--	--	(64,089)	(25,505)
Total pension related changes	(273,145)	--	--	(273,145)	(101,711)
Net realized and unrealized (gain) on investments and beneficial interest in perpetual trusts (notes 4 and 7)	(48,205)	--	(175,655)	(223,860)	(98,041)
Total nonoperating	(321,350)	--	(175,655)	(497,005)	(199,752)
Change in net assets	217,684	287,156	175,655	680,495	506,167
Net assets as of beginning of year	(42,328)	542,226	1,485,715	1,985,613	1,479,446
Net assets as of end of year	<u>\$ 175,356</u>	<u>\$ 829,382</u>	<u>\$ 1,661,370</u>	<u>\$ 2,666,108</u>	<u>\$ 1,985,613</u>

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, 2011**  
**(With Summarized Comparative Information for August 31, 2010)**

	2011												2010	
	Volunteer Engagement	Family Strength- ening	Government grant Distribution	Community Investment	Other Com Impact Initiatives	Communi- cations for Community Impact	Total direct program services	General and administration	Supporting services			Total supporting services	Total	Total
									General	Fund-raising				
										Communications	Total			
Distributions													\$ 1,025,517	\$ 1,095,350
Salaries	\$ 53,650	\$ 502,926	\$ 22,500	\$ 39,133	\$ 16,283	\$ 103,562	\$ 738,054	\$ 203,905	\$ 110,588	\$ 53,285	\$ 163,873	\$ 367,778	1,105,832	1,039,452
Tax and fringe benefits	17,944	127,917	7,525	13,088	5,446	34,637	206,557	68,198	36,987	17,822	54,809	123,007	329,564	292,696
Total salaries and related expenses	71,594	630,843	30,025	52,221	21,729	138,199	944,611	272,103	147,575	71,107	218,682	490,785	1,435,396	1,332,148
Contract services	--	155,983	--	--	--	28,284	184,267	59,338	73,351	--	73,351	132,689	316,956	222,101
Transportation/meetings	3,050	18,923	1,279	2,224	926	5,887	32,289	11,591	6,286	3,029	9,315	20,906	53,195	46,476
Campaign/communications	--	4,234	--	--	--	23,539	27,773	--	13,092	13,092	26,184	26,184	53,957	60,443
Agency vehicles	1,370	5,328	578	1,522	304	1,066	10,168	1,979	2,314	761	3,075	5,054	15,222	8,453
Professional development & conferences	791	1,408	332	577	240	1,527	4,875	3,006	1,630	786	2,416	5,422	10,297	26,908
Office supplies	737	7,707	309	538	224	1,423	10,938	2,802	1,519	732	2,251	5,053	15,991	17,246
Telephone	908	4,514	381	662	276	1,752	8,493	3,450	1,871	902	2,773	6,223	14,716	19,887
Postage	680	2,187	285	496	206	1,312	5,166	2,584	1,401	675	2,076	4,660	9,826	11,912
Buildings and grounds	3,408	69,852	1,429	2,486	1,034	6,579	84,788	12,954	7,026	3,385	10,411	23,365	108,153	97,450
Administration printing	59	449	25	43	18	114	708	224	122	59	181	405	1,113	6,110
Recognition awards	174	310	73	127	53	336	1,073	662	359	173	532	1,194	2,267	572
Subscriptions	91	163	38	67	28	177	564	348	189	91	280	628	1,192	1,557
Insurance	732	9,648	307	534	222	1,413	12,856	2,782	1,509	727	2,236	5,018	17,874	15,468
Equipment expenses	3,475	10,695	1,457	2,534	1,055	6,707	25,923	13,206	7,162	3,451	10,613	23,819	49,742	52,349
Computer expenses	1,112	10,973	466	811	337	2,146	15,845	4,225	2,292	1,104	3,396	7,621	23,466	24,885
Building project expense	768	1,368	322	560	233	1,483	4,734	2,920	1,583	763	2,346	5,266	10,000	10,001
United Way of America dues	3,289	5,855	1,379	2,399	998	6,348	20,268	12,500	6,779	3,266	10,045	22,545	42,813	34,930
Pension expense	1,796	3,197	753	1,310	545	3,466	11,067	6,825	3,702	1,784	5,486	12,311	23,378	143,141
Summit area office	1,190	--	499	868	361	2,298	5,216	4,524	2,454	1,182	3,636	8,160	13,376	55,591
Program expense	--	1,790,002	--	--	--	--	1,790,002	--	--	--	--	--	1,790,002	1,525,910
Other expenses	991	1,764	416	723	301	1,910	6,105	3,766	2,042	985	3,027	6,793	12,898	8,796
Total expenses before depreciation, shared expenses, pension related changes and distributions and grants	96,215	2,735,403	40,353	70,702	29,090	235,966	3,207,729	421,789	284,258	108,054	392,312	814,101	4,021,830	3,722,334
Retirement of furniture and equipment	--	--	--	--	--	--	--	--	--	--	--	--	--	21,279
Depreciation of furniture and equipment	5,273	9,387	2,211	3,846	1,600	10,178	32,495	20,039	10,868	5,237	16,105	36,144	68,639	49,344
Total expenses before shared expenses, pension related changes and distributions and grants	101,488	2,744,790	42,564	74,548	30,690	246,144	3,240,224	441,828	295,126	113,291	408,417	850,245	4,090,469	3,792,957
Expenses shared with affiliates and others:														
United Ways	(1,851)	(3,296)	(776)	(1,350)	(562)	(3,574)	(11,409)	(7,037)	(3,816)	(1,839)	(5,655)	(12,692)	(24,101)	(44,348)
Consulting contract	--	--	(22,500)	--	--	--	(22,500)	--	--	--	--	--	(22,500)	(22,500)
Total direct program expenses before distributions and grants	99,637	2,741,494	19,288	73,198	30,128	242,570	3,206,315	434,791	291,310	111,452	402,762	837,553	4,043,868	3,726,109
Decrease in pension related changes reported as nonoperating	(20,982)	(37,357)	(8,798)	(15,304)	(6,368)	(40,502)	(129,311)	(79,745)	(43,250)	(20,839)	(64,089)	(143,834)	(273,145)	(101,711)
Total direct program expenses before distributions and grants	\$ 78,655	\$ 2,704,137	\$ 10,490	\$ 57,894	\$ 23,760	\$ 202,068	\$ 3,077,004	\$ 355,046	\$ 248,060	\$ 90,613	\$ 338,673	\$ 693,719	\$ 3,770,723	\$ 3,624,398
													\$ 4,796,240	\$ 4,719,748

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

**UNITED WAY OF GREATER UNION COUNTY**  
**Statements of Cash Flows**  
**For the Year Ended August 31, 2011**  
(With Summarized Comparative Information for August 31, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 680,495	\$ 506,167
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	68,639	49,344
Pension related changes	--	41,430
Provision for uncollectible pledges	49,433	243,363
Net realized and unrealized loss (gain) on:		
Investments	(48,205)	(20,656)
Beneficial interest in perpetual trusts	(175,655)	(77,385)
Loss on disposal of assets	--	21,278
Change in:		
Contributions receivable	(591,695)	(600,277)
Government grants receivable	21,570	(9,193)
Other receivables	(47,729)	4,765
Other assets	98	(10,310)
Accounts payable	269,799	4,593
Distributions payable	(36,207)	(270,321)
Designations payable	13,833	(15,273)
Deferred revenue - government grants	(291,696)	89,020
Pension liabilities	(255,995)	(16,533)
Government grants payable to sub-recipients	(21,570)	9,193
Net cash used by operating activities	<u>(364,885)</u>	<u>(50,795)</u>
Cash flows from investing activities:		
Maturities of short term investments	698,241	--
Purchases of short term investments	(450,000)	(194,975)
Purchases of furniture and equipment	(42,025)	(255,067)
Net cash provided (used) by investing activities	<u>206,216</u>	<u>(450,042)</u>
Cash flows from financing activities:		
Proceeds from Line of Credit	<u>150,000</u>	<u>--</u>
Net change in cash and cash equivalents	(8,669)	(500,837)
Cash and cash equivalents, at beginning of year	<u>245,154</u>	<u>745,991</u>
Cash and cash equivalents, at end of year	<u>\$ 236,485</u>	<u>\$ 245,154</u>

The Notes to Financial Statements are an integral part of these statements.



**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

**Nature of the Organization**

United Way of Greater Union County (UWGUC) is a New Jersey 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 7).

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.

UWGUC accounts for contract and grant revenues, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. Dollars not expended in accordance with the grant or contracts are recorded as a liability to the grantor as UWGUC does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as deferred revenue in the statement of financial position.

**Non-operating Activity**

It is the policy of UWGUC to record the actuarially determined pension-related net gain or loss, and the settlement gain or loss, if any, for the UWGUC pension plan as non-operating activity in the statement of activities. 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. The net periodic benefit cost is reflected as an operating expense.

**Contributions**

Unconditional promises to give are recognized as revenue in the period received.

Conditional promises in the form of grants are recognized in the fiscal period received, and are restricted to align with the direction of the donor.

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, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

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 as revenue and expenses, but are included in campaign contributions on the statement of activities 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, 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, 2010, 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 at date of acquisition.

**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. Realized and unrealized gains and losses are included in the statement of activities as non-operating activities.

**Grants**

Grants from governmental agencies are recorded as revenue when granted to the sub-recipient, i.e. expended. UWGUC retains a portion of grant revenue to recover program direct and indirect operating costs. The portion retained is released from temporarily restricted in the period earned.

**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, 2011. 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.

**Land, Building and Equipment**

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, are included in property and equipment.

UWGUC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in these financial statements.

**Community Investment Funds**

Total dollars available for Community Investment Funds are approved by the Finance Committee and the Board of Trustees. The Community Investment Committee has a responsibility for oversight for all awards from the Community Investment Fund.

Community Investment funds are recorded as expenses when they are approved by the Board of Trustees and are generally payable within one year.

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

**Deferred Revenue**

Deferred revenue represents program service revenue received in advance of services being rendered and is recognized in the period in which the services are rendered.

**Shared Expenses**

United Way of Greater Union County has a shared expense arrangement where employees perform operational services for other United Ways and UWGUC is reimbursed for those services. 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 has not experienced any loss to date.

Thirty-two percent of revenue was derived from cost reimbursement type state grants for the years ended August 31, 2011 and 2010. The loss of the grants would result in a corresponding decrease in expenses; therefore it would not have a material impact on the Organization.

UWGUC guarantees certain loans for member agencies. If the member agencies default on these loans UWGUC would be required to repay. There is an accrued distribution to the agencies that will be used to satisfy the debt.

**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 do not meet recognition criteria for inclusion in the financial statements.

**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.

**Income Taxes**

UWGUC is a not-for-profit corporation that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and New Jersey taxation codes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. UWGUC had no unrecognized tax benefits for the years ended August 31, 2011 and 2010. Furthermore, UWGUC had no unrecognized tax benefits at August 31, 2011 and 2010, and has no open years subject to examination prior to June 30, 2007. UWGUC has no income tax related penalties or interest for the periods reported in the financial statements.

**Note 2 - Cash and Cash Equivalents:**

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

	<u>2011</u>	<u>2010</u>
Cash	\$ 116,023	\$ 113,334
Money market accounts	<u>120,462</u>	<u>131,820</u>
Total	<u>\$ 236,485</u>	<u>\$ 245,154</u>

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 3 - Contributions Receivable:**

Contributions receivables, expected to be received in the next fiscal year, consist of the following at August 31:

	<u>2011</u>	<u>2010</u>
2010 - 2011 Campaign	\$ 1,846,864	\$ 1,744
2009 - 2010 Campaign	<u>79,709</u>	<u>1,454,562</u>
	1,926,573	1,458,306
Less, allowance for uncollectible amounts	<u>(44,370)</u>	<u>(116,365)</u>
Contributions receivable, net	<u>\$ 1,882,203</u>	<u>\$ 1,339,941</u>

Contributions receivables are unconditional promises to give by individuals, corporations and foundations, and amounts collected by third parties (Note 8) on behalf of UWGUC and its member agencies that have not yet been received. In addition, UWGUC has received conditional pledges from foundations that have been recorded as temporarily restricted net assets.

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, are applied based on management's discretion.

**Note 4 - Investments:**

Investments at August 31, 2011 and 2010, amounting to \$555,023 and \$755,059, respectively are stated at fair market value.

**Recurring Fair Value Measurements**

Pursuant to the accounting standards related to fair value measurements, UWGUC has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2011, along with the basis for the determination of fair value:

	<u>Total</u>	Basis for Valuation		
		Quoted Prices in Active Markets	Observable Measurement Criteria	Unobservable Measurement Criteria
Money market funds	\$ 215,385	\$ 215,385	\$ --	\$ --
Equity securities	333,363	333,363	--	--
Certificate of Deposit	6,275	--	6,275	--
	<u>\$ 555,023</u>	<u>\$ 548,748</u>	<u>\$ 6,275</u>	<u>\$ --</u>

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2010, along with the basis for the determination of fair value:

	<u>Total</u>	Basis for Valuation		
		Quoted Prices in Active Markets	Observable Measurement Criteria	Unobservable Measurement Criteria
Money market funds	\$ 225,500	\$ 225,500	\$ --	\$ --
Equity securities	273,292	273,292	--	--
Certificate of Deposit	6,267	--	6,267	--
Repurchase agreement	250,000	--	250,000	--
	<u>\$ 755,059</u>	<u>\$ 498,792</u>	<u>\$ 256,267</u>	<u>\$ --</u>

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 4 – Investments(Continued):**

Investment income, exclusive of amounts received related to the perpetual interests in beneficial trusts, consists of the following for the years ending August 31:

	<u>2011</u>	<u>2010</u>
Dividends and interest	\$ 11,125	\$ 14,390
Unrealized gain	48,205	20,656
	<u>\$ 59,330</u>	<u>\$ 35,046</u>

**Note 5 - Building and Equipment:**

Building and equipment include the following as of August 31:

	<u>2011</u>	<u>2010</u>
Building and equipment	\$ 764,719	\$ 722,694
Less: Accumulated depreciation	(377,232)	(308,593)
Building and equipment, net	<u>\$ 387,487</u>	<u>\$ 414,101</u>

**Note 6 – Endowment Funds:**

UWGUC's endowment consists of funds established to support children's initiatives and the Community Investment Fund. Its endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. UWGUC's endowment funds consisted of unrestricted and permanently restricted net assets.

**Interpretation of Relevant Law**

In accordance with New Jersey Uniform Prudent Management of Institutional Funds Act ("NJUPMIFA"), UWGUC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of UWGUC and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of UWGUC
7. The investment policies of UWGUC

Management has interpreted NJUPMIFA to require the preservation of the purchasing power of donor endowment funds in those cases where the donor intent is not clear.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

All revenue derived from endowment funds are included in the pool of discretionary funds used to provide distributions to qualified programs on an annual basis. UWGUC has an investment policy that determines return objectives and risk parameters, strategies employed for achieving objectives, and a spending policy.

**Funds with Deficiencies**

While the fair market value of assets associated with individual donor-restricted endowment funds have fallen due to economic conditions, there were no funds with a deficiency as of August 31, 2011.

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 6 – Endowment Funds (Continued):**

Changes in endowment net assets for the year ended August 31, 2011 are as follows:

	<u>2011</u>			<u>2010</u>
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 561,719	\$ 155,175	\$ 716,894	\$ 669,479
Investment return				
Investment income	30,066	17,350	47,416	20,656
Appropriation of endowment assets for expenditure	<u>(30,066)</u>	<u>(17,350)</u>	<u>(47,416)</u>	<u>(20,656)</u>
Endowment net assets, end of year	<u>\$ 561,719</u>	<u>\$ 155,175</u>	<u>\$ 716,894</u>	<u>\$ 669,479</u>

**Note 7 - Restrictions on Net Assets:**

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

	<u>2011</u>	<u>2010</u>
To benefit the children of Greater Union County	\$ 5,383	\$ 7,113
Volunteer/Job Fair grant	403	558
Prisoner Re-entry grant	1,371	90,359
Emergency aid	12,223	12,223
Obama Green Charter School	--	24,500
Haiti Relief	73,235	80,040
Family success initiative/time restrictions	578,803	232,231
Nurse Family Partnership	83,831	84,031
Robert Wood Johnson Flex Fund Grant	60,000	--
Mentoring Program	11,837	7,919
Time restrictions	<u>2,296</u>	<u>3,252</u>
Total	<u>\$ 829,382</u>	<u>\$ 542,226</u>

Temporarily restricted net assets from other grants were released for the following purposes as of August 31:

	<u>2011</u>	<u>2010</u>
To benefit the children of Greater Union County	\$ 24,672	\$ 183
Volunteer/Job Fair grant	46,615	4,521
Obama Green Charter School	24,500	20,500
Haiti Relief	75,627	99,626
Family success initiative/time restrictions	265,315	194,858
Nurse Family Partnership	75,200	85,569
Robert Wood Johnson Flex Fund Grant	65,000	--
Family strengthening initiatives	172,419	109,641
PSE&G Energy Conservation Grant	--	780
Utility Assistance Program	<u>25,000</u>	<u>20,000</u>
Total	<u>\$ 774,348</u>	<u>\$ 535,678</u>

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

	<u>2011</u>	<u>2010</u>
Children's Initiative in Union County:		
Dell Raudelunas Children's Fund	\$ 98,775	\$ 98,775
Alexis de Tocqueville Society Program of United Way of Tri-State, Inc.	56,400	56,400
Unrestricted Purposes:		
Beneficial interest in perpetual trusts	<u>1,506,195</u>	<u>1,330,540</u>
Total	<u>\$ 1,661,370</u>	<u>\$ 1,485,715</u>

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 7 - Restrictions on Net Assets (Continued):**

Beneficial interest in perpetual trusts comprises six trusts held in perpetuity by PNC Bank. In addition, one trust is held in perpetuity by Bank of America for which the former merged entity of United Way of Summit, New Providence, and Berkeley Heights was a beneficiary. 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 gain of \$175,655 and a loss of \$77,385 for the years ended August 31, 2011 and 2010, respectively and is included in net realized and unrealized 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>2011</u>	<u>2010</u>
Jessie Munger	\$ 765,329	\$ 677,705
John J. Burling	83,505	77,637
Walter L. Glenney	96,017	84,072
Grace N. and Harry H. Pond	96,845	84,329
Dorothy F. Waring	93,289	82,570
Dorothy Leal	25,717	22,406
Joseph L. Snyder	345,493	301,821
Total	\$ 1,506,195	\$ 1,330,540

**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", a "community need factor", and grant funding for community impact work. Other receivables as of August 31, 2011 includes \$46,125 and accounts payable as of August 31, 2011 and 2010 includes \$26,747, respectively, due from and to United Ways of the New York, Connecticut and New Jersey Region resulting from an underpayment and overpayment of contributions, respectively.

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

Total campaign contributions for the years ended August 31, 2011 and 2010 have been reduced by \$901,653 and \$270,620, 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.

Accounting standards require that the measurement date be as of the statement of financial position date. UWGUC utilized a measurement date of August 31, for 2011 and 2010 for measuring plan assets and obligations.

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 9 - Pension Plan (Continued):**

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

	<u>2011</u>	<u>2010</u>
Benefit obligation:		
Projected benefit obligation	\$ 1,105,442	\$ 1,247,352
Fair value of plan assets	<u>959,631</u>	<u>845,546</u>
Funded status recognized in the statement of financial position as a pension (liability) asset in	<u>\$ (145,811)</u>	<u>\$ (401,806)</u>
Accumulated benefit obligation	<u>\$ 1,105,442</u>	<u>\$ 935,145</u>

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

	<u>2011</u>	<u>2010</u>
Net periodic pension cost	\$ 23,378	\$ 143,141
Benefits paid	\$ 1,906	\$ 202,435
Expense charges	\$ 17,360	\$ 22,481

Assumptions are as follows as of August 31:

	<u>2011</u>	<u>2010</u>
Measurement date	8/31/2011	8/31/2010
Discount rate	5.50 %	5.50 %
Rate of increase in compensation level	0.00 %	5.00 %
Expected long-term rate of return on plan assets	8.00 %	8.00 %

Non-operating pension-related changes:

Net change in net assets of plan	\$ --	\$ (154,325)
Curtailment (gain)	(273,145)	
Settlement loss	--	52,614
Total non-operating	<u>\$ (273,145)</u>	<u>\$ (101,711)</u>

Amounts not yet reflected as a component of net periodic benefit cost as of August 31:

	<u>2011</u>	<u>2010</u>
1. Transition obligation or asset	\$ --	\$ 354
2. Net prior service cost or credit	\$ 2,076	\$ 2,301
3. Net (gain) or loss	\$ 53,284	\$ 346,659

No plan assets are expected to be returned to the employer during the September 1, 2011 to August 31, 2012 fiscal year.

During the year ended August 31, 2010 UWGUC settled pension obligations that resulted in losses of \$52,614.

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

<u>Year</u>	<u>Amount</u>
2012	\$ 157,000
2013	\$ 52,000
2014	\$ 10,000
2015	\$ 7,000
2016	\$ 85,000
2017 - 2021	\$ 206,000



**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 9 - Pension Plan (Continued):**

Plan assets comprise the following as of August 31:

	<u>2011</u>		<u>2010</u>	
Equity – funds	\$ 564,059	59%	\$ 500,919	59%
General account	<u>395,572</u>	<u>41%</u>	<u>344,627</u>	<u>41%</u>
Total	<u>\$ 959,631</u>	<u>100%</u>	<u>\$ 845,546</u>	<u>100%</u>

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 general account. Also, plan assets are managed on a total return basis.

The UWGUC Defined Benefit Pension Plan was amended effective December 31, 2010 to freeze future participation and benefit credit. As part of that amendment, there were new minimum benefits established for some employees. Accordingly, additional benefits accruing to the 'plan' discontinued effective January 1, 2011. This has resulted in a Curtailment (gain) of \$273,145 in the Nonoperating pension related changes section of the statement of activities.

A Defined Contribution Plan 401(k) plan superseded the Defined Benefit Plan effective January 1, 2011. Amounts equal to 3% of gross salaries for employees for up to 5 years of service and 6% of gross salaries for employees with 5 or more years of service will be contributed by the employer. Eligible employees may elect to make voluntary salary deferrals to their respective 401(k) account. UWGUC contributed \$16,342 during the year ended August 31, 2011.

**Note 10 – Line of Credit:**

On January 27, 2010, UWGUC entered into a \$250,000 revolving line of credit with Bank of America for seasonal operating needs. The line provides for interest at prime (prime as of August 31, 2011 and 2010 was 3.25%) plus 1.75 percent. UWGUC borrowed \$150,000 from this line at August 31, 2011. There was no borrowings for the year ended August 31, 2010. The line of credit is due on demand, is collateralized by all assets of UWGUC and has no set expiration date.

**Note 11 - Designations Payable:**

At August 31, 2011 and 2010, UWGUC, acting as an intermediary organization, had \$133,922 and \$120,089, 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.

**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>2011</u>	<u>2010</u>
Supporting services:		
Form 990 line 25, management and general expenses	\$ 434,791	\$ 486,038
Form 990 line 25, fundraising expenses	<u>402,761</u>	<u>399,506</u>
Total supporting service	<u>\$ 837,552</u>	<u>\$ 885,544</u>
Total revenue and support from Form 990 line 12	<u>\$ 6,711,077</u>	<u>\$ 6,660,988</u>
Administrative cost ratio	12.5%	13.3%

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Financial Statements**  
**August 31, 2011**

**Note 14 – Distributions Payable:**

This Board approved total program allocations of \$1,346,500 and \$1,191,600 for the years ended August 31, 2011 and 2010, respectively. During 2011, program allocations totaling \$371,000 related to restricted contributions will be recorded as time and purpose restrictions are met.

**Note 15 – Related Party Transactions**

UWCUC had \$24,225 included in accounts payable to United Way Worldwide which serves as the parent organization for UWGUC. The President of Union County Economic Development Corporation ("UCEDC") is a former UWGUC Board Member. Additionally, UWGUC secured a loan with the UCEDC for Elizabethport Presbyterian Center and Rahway Community Action Organization in the amount of \$60,736. These two organizations defaulted on the loans on August 17, 2011.

**Note 16 – Subsequent Events:**

UWGUC has evaluated subsequent events occurring after the statement of financial position date through the date of December 13, 2011, which is the date the financial statements were available to be issued. There has been a lawsuit initiated against UWGUC by the Union County Economic Development Corporation to recover principal and interest on defaulted loans to the Elizabethport Presbyterian Center in the amount of \$38,951 on June 9, 2010 and to the Rahway Community Action Organization in the amount of \$21,785 on September 23, 2010. UWGUC signed as guarantor on the initial loan documents. Management believes the impact of this lawsuit will not have a material impact on the financial statements.

**SUPPLEMENTARY INFORMATION**

**UNITED WAY OF GREATER UNION COUNTY**  
**Schedule of Federal and State Financial Assistance**  
**Year Ended August 31, 2011**

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA#/Contract Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
US Department of Health and Human Services			
State of NJ Dept of Human Services			
Nurse Family Partnership	93.505/10EEXP	9/1/2009 - 8/31/2010	\$ 172,446
Nurse Family Partnership	16.540/10EEXP	9/1/2009 - 8/31/2010	<u>25,000</u>
			197,446
US Department of Justice			
NJ Dept of Law and Public Safety			
Celebration of Womenhood Conference	16.540/J-J:13-3-10	7/1/11 - 3/30/12	6,594
Department of Housing and Urban Development			
CDBG Year 35	14.218/D-12-56-809-321-919	9/1/09 - 8/31/10	34,782
CDBG Year 36		9/1/10 - 8/31/11	<u>91,944</u>
			<u>126,726</u>
Total Federal Awards			<u>330,766</u>
State of NJ Dept of Children and Families			
Differential Response Program	10BBXP	9/1/09 - 8/31/10	1,125,003
State of NJ Dept of Human Services			
Family Success Center	10EEXP	09/01/2009- 08/31/2010	200,068
NJ Dept of Law and Public Safety	J-J:13-46-07	7/1/10 -11/30/10	<u>72,607</u>
Total State Awards			<u>1,397,678</u>
Total Federal and State Awards			<u>\$ 1,728,444</u>

See Independent Auditors' Report.  
See accompanying Notes to Schedule of Federal and State Financial Assistance.

**UNITED WAY OF GREATER UNION COUNTY**  
**Notes to Schedule of Federal and State Financial Assistance**  
**August 31, 2011**

**1. General Information**

The accompanying schedule of expenditures of Federal and State Financial Assistance presents the activities in all the Federal and State awards programs of United Way of Greater Union County. All Federal and State awards received directly from Federal and State agencies as well as Federal and State awards passed through other governmental agencies or nonprofit organizations are included on the schedule.

**2. Basis of Presentation**

The accompanying schedule of Federal and State Financial assistance includes the federal and 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.

**3. Relationship to Basic Financial Statements**

Federal and State program expenditures are reported in the statement of functional expenses as program expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of Federal and State Financial Assistance due to capitalization of assets, agency matching or in-kind contributions.



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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 Trustees,  
United Way of Greater Union County:

We have audited the financial statements of United Way of Greater Union County as of and for the year ended August 31, 2011, and have issued our report thereon dated November 30, 2010. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or 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'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 in a separate letter dated December 13, 2011.

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

December 13, 2011



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**Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State of New Jersey, Department of treasury, OMB Circular 04-04-OMB**

To the Board of Trustees,  
United Way of Greater Union County:

**Compliance**

We have audited United Way of Greater Union County's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and New Jersey Department of Treasury Circular Letter 04-04 OMB that that could have a direct and material effect on each of its major state program for the year ended December 31, 2011. United Way of Greater Union County's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the United Way of Greater Union County's management. Our responsibility is to express an opinion on United Way of Greater Union County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State of New Jersey, Department of the Treasury, OMB Circular 04-04-OMB. Those standards and OMB Circular 04-04-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about United Way of Greater Union County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of United Way of Greater Union County's compliance with those requirements.

In our opinion, United Way of Greater Union County complied, in all material respects, with the compliance requirements referred to above that are could have a direct and material effect on its major state program for the year ended August 31, 2011.

**Internal Control Over Compliance**

The management of United Way of Greater Union County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered United Way of Greater Union County's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on compliance in accordance with 04-04 OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Greater Union County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 13, 2011



**UNITED WAY OF GREATER UNION COUNTY  
Schedule of Findings and Questioned Costs  
August 31, 2011**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be  
material weaknesses? No

Noncompliance material to financial statements noted? No

**Federal and State Awards**

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be  
material weaknesses? No

Type of auditors’ report issued on compliance for major programs: Unqualified  
Any audit findings disclosed that are required to be reported in accordance with

Section 510(a) of Circular A-133? No

Identification of major Federal and state programs:

<b>Federal and State Agency/Pass-Through Entity</b>	<b>Expenditures</b>
State of NJ Dept of Children and Families – Differential Response Grant	\$1,125,003
Dollar threshold used to distinguish between type A and type B programs:	\$300,000

Auditee qualified as low-risk auditee? Yes

**Section 2 – Financial Statements Findings**

There were no financial statement findings or questioned costs for the year ended August 31, 2011.

**Section 3 – Follow-up of Prior Year’s Findings and Questioned Costs**

There were no findings or questioned costs for the year ended August 31, 2010.

