

SHIAWASSEE UNITED WAY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
AND  
INDEPENDENT AUDITORS' REPORT

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# Layton & Richardson, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

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We have audited the accompanying statement of financial position of SHIAWASSEE UNITED WAY (a nonprofit organization) as of December 31, 2011, and the related statement of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Shiawassee United Way'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 Shiawassee United Way's 2010 financial statements, and in our report dated May 10, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Shiawassee United Way as of December 31, 2011, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

*Layton & Richardson, P.C.*

*Certified Public Accountants*

East Lansing, Michigan  
June 12, 2012

**SHIAWASSEE UNITED WAY**  
**STATEMENTS OF FINANCIAL POSITION**

ASSETS

	DECEMBER 31,	
	2011	2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 87,877	\$ 80,396
Certificates of deposit	102,640	72,750
Accounts receivable - fiduciary		22
Pledges receivable (less allowance for uncollectible pledges of \$24,000 and \$29,000 for 2011 and 2010, respectively)	172,183	174,401
Prepaid expenses	403	287
	<u>363,103</u>	<u>327,856</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and office equipment	14,854	13,289
Less: accumulated depreciation	(13,257)	(12,544)
	<u>1,597</u>	<u>745</u>
<b>NET PROPERTY AND EQUIPMENT</b>		
<b>TOTAL ASSETS</b>	<u>\$ 364,700</u>	<u>\$ 328,601</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 19,381	\$ 16,452
Accrued payroll and related	6,919	6,617
Designations to other agencies	17,722	15,864
Funds held on behalf of others	6,743	4,669
	<u>50,765</u>	<u>43,602</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	96,369	73,592
Temporarily restricted	217,566	211,407
	<u>313,935</u>	<u>284,999</u>
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 364,700</u>	<u>\$ 328,601</u>

See accompanying notes to financial statements.

**SHIAWASSEE UNITED WAY**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	2011			2010
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
<b>SUPPORT</b>				
Pledges	\$	\$ 216,465	\$ 216,465	\$ 208,777
Special events	9,891		9,891	13,829
Gifts in kind	32,559		32,559	9,195
Special gifts	200		200	225
Gift of property				46,000
Other income	7,853		7,853	15,154
Grants and contributions	7,086	5,000	12,086	12,561
Interest and dividend income	1,944		1,944	95
Realized loss on investment				6,078
Net assets released from restrictions	215,306	(215,306)		
<b>TOTAL SUPPORT</b>	<u>274,839</u>	<u>6,159</u>	<u>280,998</u>	<u>311,914</u>
<b>EXPENSES</b>				
Agency allocations	44,000		44,000	40,000
Program services	136,535		136,535	131,324
Fund raising	17,872		17,872	20,508
Management and general	27,529		27,529	11,414
Uncollectible pledges	26,126		26,126	18,881
<b>TOTAL EXPENSES</b>	<u>252,062</u>		<u>252,062</u>	<u>222,127</u>
<b>CHANGE IN NET ASSETS</b>	22,777	6,159	28,936	89,787
<b>NET ASSETS, JANUARY 1</b>	<u>73,592</u>	<u>211,407</u>	<u>284,999</u>	<u>195,212</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 96,369</u>	<u>\$ 217,566</u>	<u>\$ 313,935</u>	<u>\$ 284,999</u>

See accompanying notes to financial statements.

**SHIAWASSEE UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	2011				2010
	PROGRAM SERVICES	FUND RAISING	MANAGEMENT & GENERAL	TOTAL	TOTAL
Salaries	\$ 50,308	\$ 4,355	\$ 14,235	\$ 68,898	\$ 60,844
Payroll taxes	4,886	422	1,383	6,691	5,700
Benefits	797	69	226	1,092	947
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>55,991</b>	<b>4,846</b>	<b>15,844</b>	<b>76,681</b>	<b>67,491</b>
Direct services	4,687			4,687	12,865
Office expense/supplies	5,033	725	1,365	7,123	7,609
Postage	1,114	199	241	1,554	1,092
Publicity/campaign expense	1,719	1,208	200	3,127	5,477
Repairs and maintenance	1,444	121	385	1,950	1,964
Contributions	31,670	295	100	32,065	8,327
Equipment/building rental	2,956	254	811	4,021	8,385
Insurance	1,731	148	475	2,354	1,805
Utilities	4,826	414	1,323	6,563	7,052
Training and education	1,405	35	110	1,550	155
Professional fees	15,366	2,821	4,213	22,400	22,550
Dues and memberships	2,950	245	782	3,977	3,270
Miscellaneous	898	3,043	103	4,044	681
Meetings and travel	2,161	230	299	2,690	2,068
Consultants/contract labor					5,300
Printing	2,584	3,288	565	6,437	5,461
<b>TOTAL EXPENSES BEFORE ALLOCATIONS, DEPRECIATION, AND ALLOWANCES</b>	<b>136,535</b>	<b>17,872</b>	<b>26,816</b>	<b>181,223</b>	<b>161,552</b>
Allocations	44,000			44,000	40,000
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND ALLOWANCES</b>	<b>180,535</b>	<b>17,872</b>	<b>26,816</b>	<b>225,223</b>	<b>201,552</b>
Depreciation			713	713	1,694
Uncollectible pledges expense	19,130	1,750	5,246	26,126	18,881
<b>TOTAL EXPENSES</b>	<b>\$ 199,665</b>	<b>\$ 19,622</b>	<b>\$ 32,775</b>	<b>\$ 252,062</b>	<b>\$ 222,127</b>

See accompanying notes to financial statements.

**SHIAWASSEE UNITED WAY**  
**STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 28,936	\$ 89,787
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	713	1,694
(Increase) decrease in assets		
Pledges receivable	2,218	(3,541)
Accounts receivable	22	(22)
Prepaid expenses	(116)	216
Increase (decrease) in liabilities		
Accounts payable	2,929	(882)
Accrued payroll	302	(22)
Designations to other agencies	1,858	(11,111)
Funds held on behalf of others	2,074	(3,943)
	<u>38,936</u>	<u>72,176</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and office equipment		16,152
Purchase of fixed assets	<u>(1,565)</u>	<u>          </u>
	<u>(1,565)</u>	<u>16,152</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	37,371	88,328
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		
	<u>153,146</u>	<u>64,818</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>		
	<u><u>\$ 190,517</u></u>	<u><u>\$ 153,146</u></u>

See accompanying notes to financial statements.

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**SHIAWASSEE UNITED WAY**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1: **SUMMARY OF ACCOUNTING POLICIES**

Nature of the Organization

Shiawassee United Way is a nonprofit organization chartered in 1943. The purpose is to provide financial support to other non-profit organizations. These organizations must be approved by the United Way Board.

Basis of Accounting

The financial statements of Shiawassee United Way have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Designated Pledges

Shiawassee United Way has no provision for designated pledges. The total amount allocated to an agency is adjusted by any pledge or designation.

**SHIAWASSEE UNITED WAY**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2011

NOTE 1: **SUMMARY OF ACCOUNTING POLICIES – Continued**

Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

Promises to Give

Pledges from individuals and businesses in Shiawassee County comprise most of the donations received by Shiawassee United Way. Pledges are recorded as unrestricted, temporarily restricted, and permanently restricted depending on the existence of any donor restrictions.

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

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the fair value at the time of the donation. Such donations are recorded as unrestricted unless the donated asset has been restricted by the donor to a specific program. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets, which range from five to fifteen years. The Organization capitalizes assets with a cost of \$1,000 or more.

Advertising Costs

The Organization's policy is to expense advertising costs as incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used in preparing the financial statements.

**SHIAWASSEE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES - Concluded**

Date of Management's Review

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

**NOTE 2: RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Specific purpose restriction		
Miscellaneous minor donations	\$	690
Shiawassee Community Foundation		411
Time restrictions		
Campaign pledges received for future periods		<u>216,465</u>
	\$	<u>217,566</u>

**NOTE 3: PLEDGES RECEIVABLE**

All pledges receivable are due within one year. Included in "Pledges Receivable" are the following unconditional promises to give as of December 31, 2011:

2010 Campaign	\$	27,001
2011 Campaign		<u>169,182</u>
		196,183
Allowance for uncollectible pledges	(	<u>24,000)</u>
NET PLEDGES	\$	<u>172,183</u>

Occasionally, it is necessary for management to estimate the amount of a campaign pledge to be received from various organizations. When the actual pledge is received, the actual amount may be greater than or less than estimated. This difference is reflected in the current year revenues.

**NOTE 4: INCOME TAX STATUS**

The Organization has been classified as an other than private foundation and is tax-exempt under Section 501(c) (3) of the Internal Revenue Code. The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties. The Organization is subject to a tax on income from any unrelated business. The Organization has no unrelated business income as defined by Section 509(a) (1) of the Code.

**SHIAWASSEE UNITED WAY**

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2011

**NOTE 4: INCOME TAX STATUS - Concluded**

Professional standards prescribe a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2011.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to December 31, 2008.

The Organization's policy is to classify income tax related interest and penalties as interest expense and other expenses, respectively.

**NOTE 5: CASH**

Cash balances consisted of the following at December 31, 2011:

ACCOUNT TYPE	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Checking	\$ 87,759	\$ 79,065	\$ 79,065
Cash on hand	118		
Certificates of deposit	<u>102,640</u>	<u>102,453</u>	<u>102,453</u>
	<u>\$ 190,517</u>	<u>\$ 181,518</u>	<u>\$ 181,518</u>

**NOTE 6: PROPERTY AND EQUIPMENT**

A summary of property and equipment at December 31, 2011 is as follows:

	COST	ACCUMULATED DEPRECIATION/ AMORTIZATION	NET BOOK VALUE	DEPRECIATION/ AMORTIZATION EXPENSE
Equipment	\$ <u>14,854</u>	\$ <u>13,257</u>	\$ <u>1,597</u>	\$ <u>713</u>

For the year ended December 31, 2011, total depreciation expense was \$713.

## SHIAWASSEE UNITED WAY

### NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2011

#### NOTE 7: ALLOCATIONS TO AGENCIES AND AFFILIATES

Allocations were distributed to various agencies supported by Shiawassee United Way as follows for the year ended December 31, 2011:

ARC Shiawassee	\$	2,000
Girl Scouts Heart of Michigan		2,000
R.A.V.E.		17,625
Shiawassee Area Transportation		2,000
Shiawassee Family YMCA		7,575
Shiawassee County Great Start Collaborative		8,000
Memorial Healthcare		<u>4,800</u>
	\$	<u>44,000</u>

#### NOTE 8: UNCOLLECTIBLE PLEDGES

The policy of Shiawassee United Way is to have an allowance for uncollectible pledges equal approximately 18% of pledges. The balance in the allowance account at December 31, 2011 was \$24,000.

For the year 2011, \$26,126 in uncollectible pledges was charged against the allowance account. All uncollectible pledge write offs are approved by the Board.

#### NOTE 9: DESIGNATIONS TO OTHER AGENCIES

The Organization receives pledges which are designated to other non-profit organizations who are not affiliates of Shiawassee United Way. The balance of these designations was \$17,722 at December 31, 2011.

#### NOTE 10: PROGRAMS

##### Shiawassee Hunger Network

Shiawassee United Way (SUW) serves as administrator of the Shiawassee Hunger Network. This is an alliance of 13 independently run food and/or personal needs pantries throughout Shiawassee County. SUW provides clerical, management, and fund raising support for the alliance. In 2011, The Shiawassee Hunger Network pantries distributed approximately 215,617 complete meals to approximately 35,296 persons.

##### Shiawassee United Way Food Pantry

Shiawassee United Way helps address the nutritional needs of Shiawassee County residents by distributing food, personal care items, and pet food from the SUW office. In 2011, the SUW Food Pantry distributed 23,460 complete meals to 2,577 community members. SUW also partnered with the Humane Society to help distribute several hundred pounds of pet food.

**SHIAWASSEE UNITED WAY**

NOTES TO FINANCIAL STATEMENTS – Concluded

DECEMBER 31, 2011

NOTE 10: **PROGRAMS – Concluded**

A Community Leader in Addressing Poverty

Allocations totaling \$44,000 were distributed to seven (7) area agencies for ten (10) different programs that address root causes of poverty in the areas of income, health, education, and basic needs.

211

211 is a toll-free phone number that connects callers with a wealth of information regarding human services available to people in Shiawassee County. In times of community disaster, the 211 phone number is used to get information to the public regarding such things as evacuation routes, shelter locations, clean water locations, etc. Shiawassee United Way serves as the leading funding agency and administrative contact point for 211 in Shiawassee County.

FamilyWize Prescription Discount Cards

Shiawassee United Way brings FamilyWize Prescription Discount Cards to any resident in Shiawassee County. The discount card allows families and individuals to receive discounts on prescription drugs at all participating pharmacies.

Aiding Other Non-Profit Agencies in Shiawassee County

Shiawassee United Way offers office space free of charge to other non-profit agencies who likely would otherwise not have a physical presence in Shiawassee County.