

**UNITED WAY OF BROWARD COUNTY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2009**

# UNITED WAY OF BROWARD COUNTY, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
**United Way of Broward County, Inc.**  
Fort Lauderdale, Florida

We have audited the accompanying statement of financial position of United Way of Broward County, Inc. (the Organization) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the United Way of Broward County, Inc.'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 2008 financial statements, which were audited by Rachlin LLP, who merged and became MarcumRachlin, a division of Marcum LLP as of June 1, 2009 and whose report dated November 2, 2008 expressed an unqualified opinion on those financial statements. As discussed in Note 12, the Organization has restated its 2008 financial statements during the current year to correct the presentation of allocation expenses, in conformity with accounting principles generally accepted in the United States of America. Rachlin LLP reported on the 2008 financial statements before the restatement.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Broward County, Inc. at June 30, 2009, 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.

We also audited the adjustments described in Note 12 that were applied to restate the 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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MARCUMGROUP  
MEMBER

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Our audit was performed for the purpose of forming an opinion on the basic financial statements of United Way of Broward County, Inc. taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marcum Rachlin*

a division of Marcum LLP  
Fort Lauderdale, Florida  
February 17, 2010

**UNITED WAY OF BROWARD COUNTY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2009**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)**

	<u>2009</u>	<u>2008</u> (Restated)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,704,301	\$ 1,294,855
Investments	6,471,823	7,941,482
Contributions receivable, less allowances of \$438,303 in 2009 and \$678,150 in 2008	1,977,835	3,333,415
Donor-designated pledges receivables, less allowances of \$330,647 in 2009 and \$203,755 in 2008	1,492,040	1,001,546
Grants receivable	114,085	127,715
Other receivables	20,011	2,852
Prepaid expenses and other assets	<u>45,361</u>	<u>31,742</u>
<b>Total Current Assets</b>	11,825,456	13,733,607
Land, buildings and equipment, net	325,929	223,476
Restricted investments	<u>750,000</u>	<u>750,000</u>
<b>Total Assets</b>	<u>\$ 12,901,385</u>	<u>\$ 14,707,083</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 698,146	\$ 435,681
Accrued pension cost	903,965	411,852
Allocations payable	4,671,573	5,314,370
Donor designations payable	<u>1,822,137</u>	<u>1,205,301</u>
<b>Total Liabilities</b>	<u>8,095,821</u>	<u>7,367,204</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	1,886,163	3,894,935
Board designated endowment	1,000,000	1,000,000
Board designated allocations	<u>990,353</u>	<u>1,170,000</u>
Total unrestricted net assets	3,876,516	6,064,935
Temporarily restricted	179,048	524,944
Permanently restricted	<u>750,000</u>	<u>750,000</u>
<b>Total Net Assets</b>	<u>4,805,564</u>	<u>7,339,879</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,901,385</u>	<u>\$ 14,707,083</u>

*The accompanying notes are an integral part of these financial statements.*

**UNITED WAY OF BROWARD COUNTY, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	2009			2008
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u> (Restated)
<b>Revenues</b>				
Gross contributions	\$ 8,331,599	\$ 2,937,072	\$ -	\$ 11,268,671
Less donor designations	-	(2,937,072)	-	(2,937,072)
Less provision for uncollectible pledges	(692,245)	-	-	(692,245)
Net contributions	<u>7,639,354</u>	<u>-</u>	<u>-</u>	<u>7,639,354</u>
Legacies and bequests	90,505	-	-	90,505
Federal and local grants	551,688	-	-	551,688
Net investment loss	(925,395)	-	-	(925,395)
Miscellaneous	217,877	-	-	217,877
Net assets released from restrictions:				
Expiration of time restrictions	345,896	(345,896)	-	-
Total revenues	<u>7,919,925</u>	<u>(345,896)</u>	<u>-</u>	<u>7,574,029</u>
<b>Allocations and Other Functional Expenses</b>				
Funds allocated to member agencies	5,659,242	-	-	5,659,242
Other functional expenses:				
Program services:	1,922,133	-	-	1,922,133
Support services:				
Donor relations	1,557,935	-	-	1,557,935
Management and general	969,034	-	-	969,034
Total supporting services	2,526,969	-	-	2,526,969
Total other functional expenses	4,449,102	-	-	4,449,102
Total expenses	<u>10,108,344</u>	<u>-</u>	<u>-</u>	<u>10,108,344</u>
<b>Change in Net Assets</b>	<u>(2,188,419)</u>	<u>(345,896)</u>	<u>-</u>	<u>(2,534,315)</u>
<b>Net Assets, Beginning</b>	<u>6,064,935</u>	<u>524,944</u>	<u>750,000</u>	<u>7,339,879</u>
<b>Net Assets, Ending</b>	<u>\$ 3,876,516</u>	<u>\$ 179,048</u>	<u>\$ 750,000</u>	<u>\$ 4,805,564</u>
				<u>\$ 7,339,879</u>

*The accompanying notes are an integral part of these financial statements.*

**UNITED WAY OF BROWARD COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Supporting Services		Total	
	Program Services	Donor Relations and Management General	Functional Expenses	
			2009	
			2008	
			(Restated)	
Salaries	\$ 817,521	\$ 751,935	\$ 477,283	\$ 2,046,739
Employee benefits	350,357	332,678	199,310	882,345
Payroll taxes and other	61,679	56,209	41,524	159,412
Total salaries and related expenses	1,229,557	1,140,822	718,117	3,088,496
Professional fees and other contract	475,594	16,621	47,023	539,238
Printing, publications and advertising	18,989	176,572	2,928	198,489
National and state affiliations	10,417	8,837	126,563	145,817
Other	25,786	67,229	19,768	112,783
Occupancy	31,278	26,108	14,845	72,231
Supplies	34,444	21,060	5,316	60,820
Equipment rental and maintenance	24,781	21,325	9,332	55,438
Loaned executives	-	47,159	-	47,159
Conferences and meetings	35,453	4,425	6,912	46,790
Telephone	14,733	9,677	5,682	30,092
Travel	5,553	3,083	980	9,616
Postage and shipping	1,201	1,173	1,558	3,932
Total expenses before depreciation	1,907,786	1,544,091	959,024	4,410,901
Depreciation	14,347	13,844	10,010	38,201
Total functional expenses	\$ 1,922,133	\$ 1,557,935	\$ 969,034	\$ 4,449,102
				\$ 4,177,130

*The accompanying notes are an integral part of these financial statements.*

# UNITED WAY OF BROWARD COUNTY, INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	2009	2008
		(Restated)
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (2,534,315)	\$ 1,257,194
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,201	42,857
Provision for uncollectible pledges	692,245	904,014
Discount on contributions receivable	11,855	(5,735)
Net unrealized and realized losses on investments	1,240,577	339,237
(Increase) decrease in:		
Contributions receivable	160,987	(395,495)
Grants receivable	13,630	(35,411)
Other receivables	(17,159)	25,062
Prepaid expenses and other assets	(13,620)	24,781
Increase (decrease) in:		
Accounts payable and accrued expenses	262,465	(12,615)
Accrued pension cost	492,113	109,326
Allocations payable	(642,797)	(624,114)
Donor designations payable	616,836	(22,887)
<b>Net Cash Provided by Operating Activities</b>	<u>321,018</u>	<u>1,606,214</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment and building improvements	(140,654)	(2,535)
Net sales (purchases) of investments	<u>229,082</u>	<u>(1,172,388)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>88,428</u>	<u>(1,174,923)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	409,446	431,291
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,294,855</u>	<u>863,564</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,704,301</u>	<u>\$ 1,294,855</u>

*The accompanying notes are an integral part of these financial statements.*

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF ORGANIZATION*

United Way of Broward County, Inc. (the Organization) is a volunteer-driven, non-profit organization that supports local health and human services and educational programs through its fundraising efforts. Revenues are derived principally from contributions, a portion of which is designated by the donor to a specific area of service or organization.

#### *DONOR IMPOSED RESTRICTIONS*

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

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

#### *PROMISES TO GIVE/PLEDGES*

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

#### *CONTRIBUTED PROPERTY AND EQUIPMENT*

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. The expirations of these donor restrictions are reported when the donated assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. In the absence of such stipulations contributions of property and equipment are recorded as unrestricted support.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *DONATED SERVICES*

A substantial number of volunteers have donated significant amounts of their time to the Organization's fund-raising campaigns during the year. The value of these services has not been reflected in the accompanying financial statements since the services do not require specialized skills and are not tracked. Advertising, including television and radio, have been donated during the year. The value of these services has not been reflected in the accompanying financial statements as the services would not have been purchased if not provided by donation.

#### *ALLOCATIONS TO AGENCIES*

Annually, the Board of Directors decides which agencies will receive funding and the respective amounts of funding to each agency. The Directors' decisions are partially based on an evaluation of funding requests received from prospective recipients. At year end, the unconditional promise to give was made and received by each agency and accordingly, recorded as an expense.

#### *DONOR DESIGNATIONS*

The Organization has adopted the Financial Accounting Standards Board Statement No. 136, (FASB 136). This statement applies to the Organization as a recipient that accepts cash or other financial assets from a donor and agrees to transfer those assets to a specified unqualified beneficiary. The Organization as an intermediary recognizes the fair value of those assets as a liability to the specified beneficiary concurrent with the recognition of the assets received from the donor. The Organization refers to this type of donor contribution as donor designations. Donor designations pledged for the years ended June 30, 2009 and 2008 were \$2,937,072 and \$2,098,420, respectively. Gross contributions are netted by offsetting expenses of donor designations and provision for uncollectible pledges to arrive at net contributions on the Organization's statement of activities. Donor designations are included in contributions receivable and donor designations payable on the statement of financial position. Processing fees of up to 10% of amounts designated, subject to certain limitations, are netted against donor designations.

#### *CASH AND CASH EQUIVALENTS*

The Organization considers all liquid investments with a maturity of three months or less to be cash equivalents, except for cash equivalents temporarily held in money market mutual funds. Cash and cash equivalents consisted of cash held in checking and money market accounts at June 30, 2009 and 2008.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *VALUATION OF INVESTMENTS*

Investments consist of equity securities, debt securities and certificates of deposit. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

#### *LAND, BUILDINGS AND EQUIPMENT*

The Organization follows the practice of capitalizing all expenditures for buildings and equipment in excess of \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, on a straight-line basis.

#### *ACCUMULATED VACATION PAYABLE*

The Organization accrues unpaid vacation pay up to a limit of two years' accrual for each employee. The total accrued amount at June 30, 2009 and 2008 was approximately \$83,000 and \$101,000, respectively, and is included in accounts payable and accrued expenses on the statement of financial position.

#### *CONCENTRATIONS OF CREDIT AND MARKET RISK*

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents and investments are maintained at high-quality financial institutions and credit exposure is limited to any one institution. At year-end and throughout the year, the Organization's cash balances were deposited in a bank that is insured with the Federal Deposit Insurance Corporation (FDIC). Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

At June 30, 2009, United Way of Broward County had \$2,679,463 in deposits that were in excess of Federal Deposit Insurance Corporation (FDIC) insurance coverage and \$3,029,291 in excess of Securities Investor Protection Corporation (SIPC) insurance coverage.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimate is the provision for uncollectible accounts which is based on, among other items, historical experience, industry trends and the aging of pledges. Actual results could differ from those estimates.

#### *INCOME TAXES*

The Organization is a non-profit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes. The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986.

#### *COMPARATIVE INFORMATION/RECLASSIFICATIONS*

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived. Certain reclassifications have been made to the prior year's financial presentation to conform with the current year presentation.

### NOTE 2 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give, which are included in contributions receivable, at June 30, 2009 and 2008 are as follows:

	2009	2008
Undesignated contributions receivable	\$ 2,416,138	\$ 4,011,565
Donor designated contributions receivable	1,822,687	1,205,301
	4,238,825	5,216,866
Less allowance for uncollectible contributions	768,950	881,905
	<u>\$ 3,469,875</u>	<u>\$ 4,334,961</u>

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2009

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#### NOTE 2 - CONTRIBUTIONS RECEIVABLE (CONTINUED)

Aggregate maturities of contributions receivable are as follows:

	<u>2009</u>	<u>2008</u>
Contributions receivable:		
Due in less than one year	\$ 4,141,708	\$ 4,691,922
Due in one to five years (future value)	<u>97,394</u>	<u>543,290</u>
	4,239,102	5,235,212
Discount on contributions greater than one year	<u>277</u>	<u>18,346</u>
	<u>\$ 4,238,825</u>	<u>\$ 5,216,866</u>

The interest rate used to discount receivables due in over one year was 0.19% and 1.98% for the fiscal years ended June 30, 2009 and 2008, respectively.

#### NOTE 3 - INVESTMENTS

Investments, stated at fair value, at June 30, 2009 and 2008 include:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 2,929,464	\$ 3,085,996
Equity securities	2,898,752	3,751,407
Fixed income securities	<u>1,393,607</u>	<u>1,854,079</u>
	<u>\$ 7,221,823</u>	<u>\$ 8,691,482</u>

Unrestricted investment income and loss from cash equivalents and investments for the years ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Dividends and interest	\$ 315,182	\$ 302,483
Net realized gains	(280,869)	159,922
Net unrealized gains	<u>(959,708)</u>	<u>(498,922)</u>
	<u>\$ (925,395)</u>	<u>\$ (36,517)</u>

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 3 – INVESTMENTS (CONTINUED)

#### *RISKS AND UNCERTAINTIES*

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. The Organization, through its investment advisor, monitors the Organization's investment and the risks associated therewith on a regular basis which the Organization believes minimizes these risks.

### NOTE 4. – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 4. – FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

*Equity securities:* Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Certificate of Deposits:* Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Fixed income securities:* Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 116,253	\$ -	\$ -	\$ 116,253
Certificates of deposit	2,929,464	-	-	2,929,464
Equity securities	2,898,752	-	-	2,898,752
Fixed income securities	1,393,607	-	-	1,393,607
	<u>\$ 7,338,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,338,076</u>

### NOTE 5 - ENDOWMENTS

The Organization's endowment consisted of funds established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2009

#### NOTE 5 – ENDOWMENTS (CONTINUED)

##### *INTERPRETATION OF RELEVANT LAW*

The Board of Directors of the Organization has interpreted the Florida Uniform Management of Institutional Funds Act (SMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

As of June 30, 2009, endowment net assets consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ -	\$ 750,000	\$ 750,000
Board designated quasi-endowment funds	837,415	-	-	837,415
	\$ 837,415	\$ -	\$ 750,000	\$ 1,587,415

Changes to endowment net assets for the year ended June 30, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2008	\$ 1,000,000	\$ -	\$ 750,000	\$ 1,750,000
Endowment investment return				
Interest and dividends	36,304	-	-	36,304
Realized and unrealized gains and losses	(146,168)	-	-	(146,168)
Total endowment investment return	(109,864)	-	-	(109,864)
Contributions	86,098	-	-	86,098
Appropriation of endowment for expenditures	(54,921)	-	-	(54,921)
Transfer to/from quasi-endowments	(83,898)	-	-	(83,898)
Endowment net assets, June 30, 2009	\$ 837,415	\$ -	\$ 750,000	\$ 1,587,415

##### *FUNDS WITH DEFICIENCIES*

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no such deficiencies as of June 30, 2009. The fair value of the assets associated with the Board designated quasi-endowment fell below the designated amount as of June 30, 2009 by \$162,585. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of designated funds and continued appropriation for operations that was deemed prudent by the Board of Directors at the time.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 5 – ENDOWMENTS (CONTINUED)

#### *RETURN OBJECTIVES AND RISK PARAMETERS*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately five percent annually. Actual returns in any given year may vary from this amount.

#### *STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES*

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### *SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY*

The Organization has a policy of appropriating for distribution each year up to five percent of its endowment fund's average fair value over the prior thirty six months through the calendar year-end preceding the fiscal year in which the distribution is planned. Effective November 1, 2009, there will be no distributions for operations from the Board designated funds until June 30, 2013. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 5 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**UNITED WAY OF BROWARD COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 6. – LAND, BUILDINGS AND EQUIPMENT**

		<u>June 30,</u>	
	<u>Useful Lives</u>	<u>2009</u>	<u>2008</u>
Land		\$ 76,900	\$ 76,900
Buildings and improvements	10-40 years	1,286,498	1,177,738
Furniture, equipment and software	5-10 years	1,231,899	1,200,004
Total		<u>2,595,297</u>	<u>2,454,642</u>
Less accumulated depreciation		<u>2,269,368</u>	<u>2,231,166</u>
		<u>\$ 325,929</u>	<u>\$ 223,476</u>

**NOTE 7 - NET ASSETS**

At June 30, unrestricted net assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Board designated allocations	\$ 990,353	\$ 1,170,000
Board designated endowment	1,000,000	1,000,000
Unrestricted and undesignated	<u>1,886,163</u>	<u>3,894,935</u>
	<u>\$ 3,876,516</u>	<u>\$ 6,064,935</u>

Temporarily restricted net assets are available at June 30, 2009 and 2008 for the following purposes or periods:

	<u>2009</u>	<u>2008</u>
Time restrictions:		
Net campaign pledges received for future periods	<u>\$ 179,048</u>	<u>\$ 524,944</u>

Temporarily restricted net assets are net campaign pledges received for future periods that will be used by the Organization in supporting local health and human service and educational programs.

Permanently restricted net assets of \$750,000 at June 30, 2009 and 2008 are restricted to investments in perpetuity, the income from which is expendable to support the Organization.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2009**

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### NOTE 8 - PENSION PLANS

#### *DEFINED BENEFIT PLAN*

The Organization has a non-contributory defined benefit pension plan which was frozen effective December 31, 2003. The benefits which were frozen on that date are based on years of service and highest average earnings during five consecutive years of the last ten years of employment. The funding policy is to contribute an amount not less than the ERISA minimum funding requirement. The plan assets are fixed income and equity securities. The Organization accounts for the plan under the provisions of Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* and Statement of Financial Accounting Standards No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits*. The latest actuarial valuation is for the fiscal year July 1, 2008 to June 30, 2009.

	2009	2008
Benefit obligation at June 30	\$ 2,170,658	\$ 1,888,126
Fair value of plan assets at June 30	1,266,693	1,476,274
Unfunded status	\$ (903,965)	\$ (411,852)
Accrued benefit cost recognized in the statement of financial position	\$ (903,965)	\$ (411,852)

The net periodic benefit cost is as follows:

	2009	2008
Interest cost	\$ 124,547	\$ 121,204
Expected return on plan assets	(101,441)	(109,549)
Amortization of transition asset	-	(1,096)
Recognized net actuarial loss	14,659	13,785
Net periodic benefit cost	\$ 37,765	\$ 24,344

Future benefits expected to be paid are as follows:

Year ending June 30:	
2010	\$ 80,859
2011	84,980
2012	89,842
2013	93,526
2014	96,760
2015 - 2019	680,930
	\$ 1,126,897

**UNITED WAY OF BROWARD COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2009**

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**NOTE 8 - PENSION PLANS (CONTINUED)**

***DEFINED BENEFIT PLAN (CONTINUED)***

Contributions for the fiscal year ending June 30, 2010 are expected to amount to \$90,000.

Weighted-average assumptions as of June 30:

	<u>2009</u>	<u>2008</u>
Discount rate	5.78%	6.75%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	0%	0%
Employer contribution	75,000	40,000
Benefits paid	(72,769)	(76,676)

The weighted average assumptions are based on the activity of the plan from July 1, 2008 through June 30, 2009.

***DEFINED CONTRIBUTION PLAN***

During 1999, the Organization established a defined contribution pension plan covering all regular employees over the age of 21 and with three months of service. Employer contributions for the years ended June 30, 2009 and 2008 amounted to \$88,531 and \$113,000, respectively.

Participant's contributions and actual earnings or losses thereon are immediately vested. Vesting in the employer's contributions plus actual earnings or losses thereon is based on years of continuous service.

A participant is 100% vested after six years of service according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
1	0%
2	20
3	40
4	60
5	80
6	100

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 8 - PENSION PLANS (CONTINUED)

#### *DEFINED CONTRIBUTION PLAN (CONTINUED)*

Service with other United Way organizations may be considered when determining years of service. Upon termination of employment, a participant's non-vested amounts are forfeited in accordance with the Plan document. Upon death, total disability or retirement, participants become 100% vested in their employer contributions.

### NOTE 9 - NATIONAL AND STATE AFFILIATIONS

The United Way of Broward County, Inc. provides funding to the State and National United Way organizations to finance programs of research, education and community services. Membership support is used to provide National Academy for Volunteerism (NAV) training and conferencing, career development, advertising, market research, campaign assistance, National Corporate Leadership and National Football League Relationships, executive search, Alexis de Tocqueville Society enrollments, product and service discounts, and consultation and technical assistance.

Payments for the years ended June 30, 2009 and 2008 are based upon the campaign reported gross contributions as follows:

	<u>Rates Paid</u>	<u>2009</u>	<u>2008</u>
State organization	1/5 of 1%	\$ 24,303	\$ 24,922
National organization	1%	<u>121,514</u>	<u>124,609</u>
Total		<u>\$ 145,817</u>	<u>\$ 149,531</u>

### NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

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

### NOTE 11 - OPERATING LEASE

In February 2006, the Organization entered into a noncancelable lease agreement with U.S. Imaging Solutions which is owned by a member of the Board of Directors for the use of five copiers which expires in February 2011.

# UNITED WAY OF BROWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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### NOTE 11 - OPERATING LEASE (CONTINUED)

In April 2009, the Organization entered into an agreement with the United Way of Delaware and the United Way of Southeastern Pennsylvania (UWSEPA) for the provision of information technology hosting services. The agreement is effective through May 2014. The organization pays UWSEPA \$1,500 per month for these services

Minimum future rental commitments are as follows:

Year ending June 30:	
2010	\$ 27,000
2011	24,000
2012	18,000
2013	18,000
2014	15,000
	<u>\$ 102,000</u>

### NOTE 12 - RESTATEMENT

The prior year 2008 financial statements were restated as adjustments were made to allocations payable and funds allocated to member agencies in the amount of \$1,170,000. These allocations should have been presented as board designations and not expensed.

The effect on the statement of financial position is as follows:

Allocations payable, prior to restatement	\$ 6,484,370
Adjustment	<u>(1,170,000)</u>
Allocations payable, as restated	<u>\$ 5,314,370</u>

The effect on the statement of activities is as follows:

Funds allocated to member agencies, prior to restatement	\$ 6,471,729
Adjustment	<u>(1,170,000)</u>
Funds allocated to member agencies, as restated	<u>\$ 5,301,729</u>
Net assets, ending, prior to restatement	6,169,879
Adjustment	<u>1,170,000</u>
Net assets, ending, as restated	<u>\$ 7,339,879</u>

**UNITED WAY OF BROWARD COUNTY, INC.**

**SUPPLEMENTAL INFORMATION**

**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

**UNITED WAY OF BROWARD COUNTY, INC.**

**SCHEDULES OF CASH AND INVESTMENTS**

**JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash on Hand</b>		
Petty cash	\$ 200	\$ 200
Bank of America interest bearing accounts	250,146	-
Bank of America non-interest bearing account	<u>1,337,702</u>	<u>1,227,053</u>
Total cash	<u>1,588,048</u>	<u>1,227,253</u>
<b>Investments</b>		
<b>Wachovia Bank</b>		
Money market funds	108,657	48,664
Certificates of deposit	-	3,085,996
Fixed income securities	1,393,607	1,854,079
Common stock	<u>2,023,860</u>	<u>2,554,522</u>
	<u>3,526,124</u>	<u>7,543,261</u>
<b>Wachovia Bank (Designated for Pension):</b>		
Money market funds	<u>-</u>	<u>14,552</u>
<b>Bank of America</b>		
Certificates of deposit	2,929,464	-
Money market funds	<u>4,428</u>	<u>4,386</u>
	<u>2,933,892</u>	<u>4,386</u>
<b>Broward Community Foundation Funds</b>		
Held in trust - unrestricted	128,060	446,885
Held in trust - restricted	<u>750,000</u>	<u>750,000</u>
	<u>878,060</u>	<u>1,196,885</u>
<b>Total Cash and Investments</b>	<u>\$ 8,926,124</u>	<u>\$ 9,986,337</u>
<b>Reconciliation of Statement of Financial Position</b>		
Cash and cash equivalents	\$ 1,704,301	\$ 1,294,855
Investments	6,471,823	7,941,482
Restricted investments	<u>750,000</u>	<u>750,000</u>
	<u>\$ 8,926,124</u>	<u>\$ 9,986,337</u>

**UNITED WAY OF BROWARD COUNTY, INC.**

**SCHEDULES OF ALLOCATIONS TO AGENCIES AND DONOR DESIGNATIONS**

**YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
Allocations:		
Project Lifeline - United Way of Broward County	\$ 781,886	\$ -
Achievement & Rehabilitation Center	414,300	161,300
After School Programs	-	37,000
Alliance for Families with Deaf Children	25,000	20,000
Alzheimer's Association, Southeast Florida	21,900	21,900
American Red Cross, Broward County	250,000	250,000
Ann Storck Center	24,999	-
Aspira of Florida	35,000	-
Best Buddies Florida	-	30,056
Big Brothers/Big Sisters of Broward	100,000	100,000
Boys' and Girls' Clubs of Broward County	79,000	85,000
Brookwood Florida-East, Inc.	-	30,000
Broward County - IDA Grant Matching Funds	-	20,000
Broward Homebound Program	182,700	213,656
Broward House	58,000	75,500
Broward Housing Solutions	40,000	34,278
Broward Partnership for the Homeless	27,000	32,365
Broward Regional Health Planning Council	48,298	48,298
CareSource	10,000	-
Catholic Charities - Broward Office	70,000	219,314
Center for Hearing and Communication	95,340	-
Center for Independent Living of Broward	45,200	55,200
Cerebral Palsy Adult Home	17,500	-
Child Net	250,000	-
Children's Home Society of Florida	-	28,000
Church of Brotherly Love King's Table	-	10,000
Coalition to End Homeless	13,500	45,000
Community AIDS Resource (Care Resource)	-	20,000
Community Foundation of Broward	120,000	125,000
Cool Kids Learn	-	21,604
Cooperative Feeding Program	105,000	105,000
Cross Road Food Bank	-	39,000
DFYIT - Drug Free Youth in Town	-	30,000
Epilepsy Foundation of South Florida	60,365	70,365
Episcopal Mental Health Ministries	-	20,000
Family Central	425,000	467,820
First Call For Help of Broward	204,600	204,600

(Continued)

**UNITED WAY OF BROWARD COUNTY, INC.**

**SCHEDULES OF ALLOCATIONS TO AGENCIES AND DONOR DESIGNATIONS  
(Continued)**

**YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
Allocations:		
Gateway Community Outreach	\$ 22,000	\$ 20,308
Gay and Lesbian Community Center	15,000	15,000
Gilda's Club South Florida	22,500	-
Harmony Development Center	53,000	32,000
Healthy Mothers - Healthy Babies Coalition	67,216	76,127
Helping Abused & Neglected Dependent Youths	20,000	40,999
Henderson Mental Health Center	268,000	182,671
Hispanic Unity of Florida	122,500	95,000
Hospice Care of Southeast Florida	52,181	82,181
Jack & Jill Children's Center	45,000	50,000
Jewish Family Service	154,000	96,803
Junior League of Greater Fort Lauderdale	40,000	40,000
Kids in Distress	74,000	77,428
League for the Hard of Hearing - Florida	-	95,340
Legal Aid Service of Broward County	37,000	15,000
Lighthouse of Broward County	75,000	120,462
Luz Del Mundo (Light of the World Clinic)	20,000	20,000
Memorial Foundation Inc.	35,000	-
Mental Health Association of Broward County	34,000	34,000
Miami Jewish Home and Hospital for the Aged	-	20,258
Minority Development and Empowerment	25,000	12,000
Mt. Olive Development Corporation	-	24,363
N.E. Focal Point CASA	56,000	55,792
National Multiple Sclerosis Society	22,000	12,500
No Place Like Home Transitional Independent Living Project	-	11,480
Opportunities Industrialization Center of Broward County Inc	45,000	-
PACE Center for Girls of Broward	37,000	45,000
Salvation Army - Broward County	95,000	-
Samuel M. and Helene Soref Jewish Community Center	38,500	-
Schott Memorial Center	43,200	43,200
Second Chance Society, Inc	40,000	-
Senior Volunteer Services	190,000	305,218

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**UNITED WAY OF BROWARD COUNTY, INC.**

**SCHEDULES OF ALLOCATIONS TO AGENCIES AND DONOR DESIGNATIONS  
(Continued)**

**YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
Allocations:		
SOS Children's Village of Florida	\$ 62,000	\$ 65,000
Sun Sentinel Diversity Venture Fund	-	90,085
Susan B. Anthony Recovery Center	-	214,000
Take Stock in Children	-	15,000
Task Force for Ending Homelessness, Inc	9,000	-
The Shepherd's Way	70,000	65,000
United Cerebral Palsy of Broward County, Inc	21,696	
United Way of Florida	-	2,328
Urban League of Broward County	111,500	116,395
Urban League	30,000	-
Volunteer Broward	25,000	51,649
Women in Distress of Broward County	157,655	188,655
Women of Tomorrow Mentor & Scholarship Program, Inc	15,000	-
Woodhouse	30,000	34,334
YMCA of Broward County	168,923	215,897
	<u>5,953,459</u>	<u>5,301,729</u>
Total allocations		
Unspent prior years allocations	(294,217)	-
	<u>5,659,242</u>	<u>5,301,729</u>
 Donor Designations	 <u>2,937,072</u>	 <u>2,098,420</u>
 Total allocations and designations	 <u>\$ 8,596,314</u>	 <u>\$ 7,400,149</u>

**Reconciliation to Total Board Approved Allocations and Designations:**

Total allocations at June 30, 2009	\$ 5,953,459
Board designations	990,353
Less: Project Lifeline	(781,886)
Less: Designations previously approved and spent in FY 2009	<u>(500,000)</u>
Total Board Approved Allocations and Designations at June 30, 2009	<u>\$ 5,661,926</u>

**UNITED WAY OF BROWARD COUNTY, INC.**  
**SCHEDULE OF BOARD APPROVED DESIGNATED FUNDS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

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Board Approved Designated Funds, 07/01/2008	\$ -
Designated-Emergency Reserve / Community Impact	<u>1,170,000</u>
Board Approved Designated Funds, 06/30/2008	1,170,000
Prior designated funds expensed	(500,000)
Designated-Emergency Reserve / Community Impact	<u>320,353</u>
Board Approved Designated Funds, 06/30/2009	<u>\$ 990,353</u>