

United Way of Gratiot County

Alma, Michigan

**Annual Financial Statements
and
Auditors' Report**

December 31, 2007

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Independent Auditors' Report

Members of the Board of Directors
United Way of Gratiot County
Alma, Michigan

We have audited the accompanying statement of financial position of the United Way of Gratiot County as of December 31, 2007 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization'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 2006 financial statements and, in our report dated January 31, 2007 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Gratiot County as of December 31, 2007, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Grant Activity on page 12 and the Summary of Activities on page 13 and 14 are presented as additional information and are 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.

Yeo & Yeo, P.C.

Alma, Michigan
January 28, 2008

United Way of Gratiot County
Statement of Financial Position
December 31, 2007 and 2006

	2007	2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 196,489	\$ 192,982
2008 pledges receivable (less allowance for uncollectible pledges of \$ 13,604)	168,136	-
2007 pledges receivable (less allowance for uncollectible pledges of \$ 14,135 and \$ 14,135 respectively)	10,439	131,709
2006 pledges receivable (less allowance for uncollectible pledges of \$ 13,730)	-	15,060
Total current assets	375,064	339,751
Restricted cash-FEMA	6	6
Other investments	74,494	66,383
Total assets	\$ 449,564	\$ 406,140
Liabilities and Net Assets		
Current liabilities		
Checks written against future deposits	\$ 6,407	\$ 25,649
Due to designated agencies and groups	79,891	80,271
Total current liabilities	86,298	105,920
Net assets		
Unrestricted		
Designated	10,108	15,108
Unappropriated	51,489	13,428
Total unrestricted net assets	61,597	28,536
Temporarily restricted	301,669	271,684
Total net assets	363,266	300,220
Total liabilities and net assets	\$ 449,564	\$ 406,140

See Accompanying Notes to Financial Statements

United Way of Gratiot County
Statement of Activities
Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007		2006	
	Unrestricted	Temporarily Restricted	Total All Funds	Total All Funds
PUBLIC SUPPORT AND REVENUE				
Pledges for current allocation period				
Campaign pledges received-current period	\$ 57,750	\$ -	\$ 57,750	\$ 27,084
Campaign pledges received-prior periods	243,009	(243,009)	-	320
Less: donor designations, prior period	(80,271)	80,271	-	-
Gross campaign pledges	220,488	(162,738)	57,750	27,404
Less: allowance for unpaid pledges	(14,135)	14,135	-	-
Net pledges-current period	206,353	(148,603)	57,750	27,404
Pledges for next allocation period				
Campaign pledges	-	272,083	272,083	243,009
Less: donor designations	-	(79,891)	(79,891)	(80,271)
Less: allowance for unpaid pledges	-	(13,604)	(13,604)	(14,135)
Net pledges for next allocation period	-	178,588	178,588	148,603
Total pledges	206,353	29,985	236,338	176,007
Interest, non-pledge donations and other income	5,500	-	5,500	5,499
Sponsorship Fund	-	3,982	3,982	3,163
Federal Grant - emergency food	-	35,098	35,098	34,914
Needs assessment income	-	-	-	495
Gratiot safety festival	-	-	-	1,520
Gain on investment	8,111	-	8,111	10,755
Administration fees	702	-	702	698
Other net assets released	39,080	(39,080)	-	-
Total support and revenue	259,746	29,985	289,731	233,051
ALLOCATIONS AND EXPENSES				
Program services	22,423	-	22,423	22,251
Supporting services				
Management and general	19,208	-	19,208	20,415
Fund raising	27,146	-	27,146	26,010
Total supporting services	46,354	-	46,354	46,425

See Accompanying Notes to Financial Statements

United Way of Gratiot County
Statement of Activities
Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007		2006	
	Unrestricted	Temporarily Restricted	Total All Funds	Total All Funds
Allocation to partner agencies	153,029	-	153,029	196,506
Allocation to non - partner agencies	16,800	-	16,800	16,953
Allocation of grant funds	5,000	-	5,000	7,100
Allocation to other United Ways	25,433	-	25,433	22,624
Less donor designations	(80,271)	-	(80,271)	(97,032)
Payments to national organizations	2,819	-	2,819	2,637
Emergency food and shelter	35,098	-	35,098	34,914
Gratiot safety festival	-	-	-	2,090
Payments for needs assessment	-	-	-	495
Total allocations	<u>157,908</u>	<u>-</u>	<u>157,908</u>	<u>186,287</u>
Total expenses	<u>226,685</u>	<u>-</u>	<u>226,685</u>	<u>254,963</u>
Change in net assets	33,061	29,985	63,046	(21,913)
Net assets, beginning of year	<u>28,536</u>	<u>271,684</u>	<u>300,220</u>	<u>322,133</u>
Net assets, end of year	<u>\$ 61,597</u>	<u>\$ 301,669</u>	<u>\$ 363,266</u>	<u>\$ 300,220</u>

See Accompanying Notes to Financial Statements

United Way of Gratiot County
Statement of Cash Flows
Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Cash flows from operating activities		
Change in total net assets	\$ 63,046	\$ (21,913)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
(Increase) decrease in operating assets		
Pledges receivable	(31,806)	39,367
Market value of other investments	(8,111)	(10,755)
Increase (decrease) in operating liabilities		
Checks written against future deposits	(19,242)	18,732
Due to designated agencies and groups	(380)	(16,761)
Net cash provided by operating activities	3,507	8,670
Net change in cash and cash equivalents	3,507	8,670
Cash and cash equivalents, beginning of year	192,988	184,318
Cash and cash equivalents, end of year	\$ 196,495	\$ 192,988

See Accompanying Notes to Financial Statements

United Way of Gratiot County
Statement of Functional Expenses
Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007				2006	
	Total Program Services	Support Services		Total Support Services	Total All Funds	Total All Funds
		Management and General	Fund Raising			
Director salary	\$ 13,868	\$ 6,934	\$ 13,868	\$ 20,802	\$ 34,670	\$ 34,671
Clerical salary	3,486	1,743	3,486	5,229	8,715	8,418
Payroll taxes	1,332	666	1,332	1,998	3,330	3,307
Legal and accounting	-	2,700	-	2,700	2,700	2,500
Office supplies/expense	731	731	731	1,462	2,193	2,012
Telephone	433	433	433	866	1,299	1,327
Postage	333	333	333	666	999	1,500
Rent	1,117	1,117	1,117	2,234	3,351	3,000
Printing	601	601	601	1,202	1,803	1,498
Travel/auto	258	-	258	258	516	569
Meals	123	123	123	246	369	458
Annual fees	-	184	184	368	368	293
Bank charges	65	65	65	130	195	187
Insurance	71	1,804	71	1,875	1,946	1,936
Equipment maintenance	-	519	-	519	519	2,000
Technical support	-	1,250	-	1,250	1,250	1,250
Media public information	-	-	434	434	434	274
Recognition costs	-	-	-	-	-	134
Sponsorship costs	-	-	3,982	3,982	3,982	3,163
State employee campaign fee	-	-	123	123	123	180
Miscellaneous	5	5	5	10	15	-
Total expenses	\$ 22,423	\$ 19,208	\$ 27,146	\$ 46,354	\$ 68,777	\$ 68,677

See Accompanying Notes to Financial Statements

United Way of Gratiot County
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The following is a summary of the services provided and the significant accounting policies used to report on the activities of the United Way of Gratiot County.

(a) PROGRAM SERVICES

The United Way of Gratiot County provides individuals and businesses with the following services:

Information and Referral: To supply individuals or businesses with agency or community information. Clients are referred to identified agencies to provide needed service.

Community Social Planning: To assist in the development of a network of community collaboration to identify and solve community issues.

Consultation and Technical: To provide agency resources which enable agencies to work more efficiently and effectively.

Allocations and Citizens Review: To identify agencies' financial needs. To coordinate a review process whereby community volunteers review an agency's program and budget to determine community need and agency credibility.

Emergency Food and Shelter (FEMA): To act as fiscal agent for the Federal Emergency Management Act responsible to the local FEMA board for management of federal grant.

b) BASIS OF ACCOUNTING

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

Cash and Cash Equivalents: The United Way organization considers all liquid investments with a maturity of three months or less to be cash equivalents.

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. In the absence of such stipulations contributions of property and equipment are recorded as unrestricted support.

Promises to Give/Pledges: 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

United Way of Gratiot County
Notes to Financial Statements
December 31, 2007

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.

DONATED MATERIALS AND SERVICES

The Organization records the value of donated materials and equipment as contributions in the accompanying statements at their estimated fair values at date of donation. The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and the Organization's program services. No amounts have been recognized in the statement of activities for these services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

FUNCTIONAL EXPENSES

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

(c) INCOME TAXES

The United Way is considered an "other than private" foundation and is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

United Way of Gratiot County
Notes to Financial Statements
December 31, 2007

(d) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. However, actual results may differ from the estimates.

(e) COMPARATIVE INFORMATION

The financial information for the year ended December 31, 2006, presented for comparative purposes, is not intended to be complete financial statement presentation.

NOTE 2 - BANK DEPOSITS

At year end, the carrying amount of the Organization deposits was \$196,495.

At year end, bank deposits amounted to \$ 196,970, of which \$164,225 was covered by federal depository insurance and \$32,745 was uninsured. Cash on hand amounted to \$ 25.

NOTE 3 - PLEDGES RECEIVABLE

All pledges receivable are due within one year. Included in "pledges receivable" are the following unconditional promises to give:

	<u>2007</u>	<u>2006</u>
Campaign 2008: undesignated	\$ 101,849	\$ -
designated	79,891	-
Campaign 2007: undesignated	24,574	65,573
designated	-	80,271
Campaign 2006: undesignated	-	28,790
designated	-	-
Gross campaign pledges	206,314	174,634
Less: allowance for uncollectible	<u>27,739</u>	<u>27,865</u>
	<u>\$ 178,575</u>	<u>\$ 146,769</u>

United Way of Gratiot County
Notes to Financial Statements
December 31, 2007

NOTE 4 - FIXED ASSETS

The Organization has implemented a capitalization policy for fixed assets whereby all expenditures for land, buildings and equipment in excess of \$ 1,000 are being capitalized. The fair market value of donated fixed assets is being capitalized in the same manner.

Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

At December 31, 2007 and 2006, the costs of such assets were fully depreciated.

NOTE 5 - UNITED WAY ENDOWMENT

The Organization has previously established and periodically makes contributions to an endowment held and managed by the Gratiot Community Foundation. The Organization is eligible to receive distributions up to 5% of the previous twelve quarters average balance in the endowment, not to exceed the available balance. The Organization received no such disbursements in 2007 or 2006. With the exception of the previously mentioned allowable disbursements and an annual fee not to exceed 1.5% of the principal balance, the Foundation cannot make disbursements of the endowment corpus. In 2003, the Organization established a Quasi-Passthrough Agency Fund with the Gratiot Community Foundation. The quasi-passthrough fund allows the Organization to withdraw from the fund at least annually,

allocate funds to the Endowment Fund, or leave the funds in the quasi-passthrough fund. Also, on an annual basis, the spendable income from the Endowment fund will automatically be placed into the quasi-passthrough fund. Included in "other assets" are the following:

	<u>2007</u>	<u>2006</u>
Foundation Endowment	\$ 58,228	\$ 55,611
Quasi-passthrough	<u>16,266</u>	<u>10,772</u>
Total other assets	<u>\$ 74,494</u>	<u>\$ 66,383</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Time restrictions		
Endowment balance	\$ 74,494	\$ 66,383
Net campaign pledges for future periods		
2008	227,169	-
2007	-	205,295
Purpose restrictions		
Federal grants - emergency food	<u>6</u>	<u>6</u>
	<u>\$ 301,669</u>	<u>\$ 271,684</u>

United Way of Gratiot County
Notes to Financial Statements
December 31, 2007

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended December 31:

	<u>2007</u>	<u>2006</u>
Time restrictions (net campaign pledges received for future periods):		
Campaign pledges	\$ 243,009	\$ 274,697
Donor designations	(80,271)	(97,032)
Allowance unpaid pledges	<u>(14,135)</u>	<u>(13,730)</u>
Total	<u>\$ 148,603</u>	<u>\$ 163,935</u>
 Purpose restrictions		
Federal Grant - emergency food	\$ 35,098	\$ 34,914
Needs assessment	-	495
Gratiot Safety Festival	-	2,090
Sponsorship fund	<u>3,982</u>	<u>3,163</u>
Total	<u>\$ 39,080</u>	<u>\$ 40,662</u>

NOTE 8 - SIGNIFICANT SOURCES OF REVENUE

Approximately 84% and 81%, respectively, of the United Way's total support and revenue for the years ended December 31, 2007 and 2006 were received as pledges. A substantial number of the pledges originate from residents and businesses located in Gratiot County, Michigan.

NOTE 9 - DESIGNATED NET ASSETS

The Board of Directors has designated \$10,108 and \$15,108 of net assets for the year ending December 31, 2007 and 2006, respectively, for distributions from the Gerstacker Grant.

United Way of Gratiot County
Emergency Food and Shelter Program - Restricted
Summary of Grant Activity
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
	FEMA Phase XXIII	FEMA Phase XXII
Total award	\$ <u>35,098</u>	\$ <u>34,914</u>
Net assets - beginning of year	\$ 6	\$ 6
Grant funds received	<u>35,098</u>	<u>34,914</u>
Total funds available	<u>35,104</u>	<u>34,920</u>
Expenditures		
Emergency food and shelter	34,396	34,216
Administrative	<u>702</u>	<u>698</u>
Total grant expenditures	<u>35,098</u>	<u>34,914</u>
Excess funds available over grant expenditures	<u>6</u>	<u>6</u>
Net assets - end of year	\$ <u><u>6</u></u>	\$ <u><u>6</u></u>

United Way of Gratiot County
Needs Assessment
Summary of Activity
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Net assets - beginning of year	\$ 1,493	\$ 1,493
Donations received	<u>-</u>	<u>495</u>
Total funds available	<u>1,493</u>	<u>1,988</u>
Expenditures	<u>-</u>	<u>495</u>
Excess funds available over grant expenditures	<u>1,493</u>	<u>1,493</u>
Net assets - end of year	<u><u>\$ 1,493</u></u>	<u><u>\$ 1,493</u></u>