

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

**AUDIT REPORT**

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

UNITED WAY OF ATLANTIC COUNTY, INC.

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CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 548, Mays Landing, NJ 08330

Member: New Jersey Society of CPAs  
American Institute of CPAs  
AICPA Private Companies Practice Section [www.swartzcoepa.com](http://www.swartzcoepa.com)

Phone: (609) 625-0999  
Toll Free in N.J.: (877) 310-0999  
Fax: (609) 625-2421

### Independent Auditor's Report

Board of Directors  
United Way of Atlantic County, Inc.

We have audited the Statement of Financial Position of United Way of Atlantic County, Inc., (a not-for-profit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 Agency'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 audits provide 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 Atlantic County, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 supplemental information, as listed in the table of contents, 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.

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

September 16, 2008

**UNITED WAY OF ATLANTIC COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30,**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$802,060	183,274
Pledges receivable (net)	1,001,324	1,199,194
Other receivables	12,192	24,359
Prepayments	13,863	14,759
Total Current Assets	<u>1,829,439</u>	<u>1,421,586</u>
PROPERTY AND EQUIPMENT - at cost		
Less accumulated depreciation of \$152,233 and \$120,956	<u>597,657</u>	<u>607,003</u>
OTHER ASSETS		
Unconditional promise to give	8,246	9,555
Investments	<u>155,450</u>	<u>831,325</u>
	<u>163,696</u>	<u>840,880</u>
<b>TOTAL ASSETS</b>	<u><u>2,590,792</u></u>	<u><u>2,869,469</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accrued expenses	19,731	42,795
Grants payable	1,576,558	1,653,973
Deferred revenue	13,833	0
Current portion of long-term debt	14,025	13,024
Total Current Liabilities	<u>1,624,147</u>	<u>1,709,792</u>
Long-term debt, less current portion	<u>237,771</u>	<u>251,934</u>
<b>TOTAL LIABILITIES</b>	<u>1,861,918</u>	<u>1,961,726</u>
<b>NET ASSETS</b>		
Unrestricted -		
undesignated	717,628	884,688
Temporarily restricted	11,246	23,055
<b>TOTAL NET ASSETS</b>	<u>728,874</u>	<u>907,743</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$2,590,792</u></u>	<u><u>2,869,469</u></u>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF ATLANTIC COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30,**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue:</b>						
Public Support						
Gross Campaign Results	\$2,501,758	3,000	2,504,758	2,684,431	13,500	2,697,931
Less donor choice designations and program service fees	(810,681)		(810,681)	(847,661)		(847,661)
Less estimated uncollectible pledges, net of previous year's reserve adjustment	(313,500)		(313,500)	(246,616)		(246,616)
Net Campaign Revenue	1,377,577	3,000	1,380,577	1,590,154	13,500	1,603,654
<b>Revenue</b>						
Program service fees	49,523		49,523	73,341		73,341
Investment income	26,554		26,554	43,697		43,697
Change in value of split-interest agreement		(1,309)	(1,309)		(587)	(587)
Volunteer Center	41,523		41,523	39,122		39,122
Special Events	157,387		157,387	195,650		195,650
Success by Six & Women's Leadership Institute	51,054		51,054	66,189		66,189
Grants	10,835		10,835	14,851		14,851
Other revenue	15,067		15,067	61,655		61,655
Net assets released from restrictions:						
Satisfaction of restriction	13,500	(13,500)	0			0
Total Revenue	365,443	(14,809)	350,634	494,505	(587)	493,918
<b>Total Public Support and Revenue</b>	<b>\$1,743,020</b>	<b>(11,809)</b>	<b>1,731,211</b>	<b>2,084,659</b>	<b>12,913</b>	<b>2,097,572</b>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF ATLANTIC COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30,**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES:</b>						
Program Services						
Gross Funds Awarded/Distributed	\$1,824,530		1,824,530	1,964,970		1,964,970
(Less Donor Designations)	(810,681)		(810,681)	(847,661)		(847,661)
Net Funds Awarded/Distributed	1,013,849	0	1,013,849	1,117,309	0	1,117,309
Agency relations and community initiatives						
Volunteer Center	129,523		129,523	135,931		135,931
Success by Six & Women's Leadership Institute	109,934		109,934	105,637		105,637
	95,350		95,350	157,283		157,283
Total Program Services	1,348,656	0	1,348,656	1,516,160	0	1,516,160
Supporting Services						
Management and General	178,824		178,824	158,145		158,145
Direct campaign expenses	285,972		285,972	293,561		293,561
Special Events	72,547		72,547	76,482		76,482
United Way of America Dues	24,081		24,081	20,981		20,981
Total Supporting Services	561,424	0	561,424	549,169	0	549,169
Total Expenses	1,910,080	0	1,910,080	2,065,329	0	2,065,329
Increase/(decrease) in net assets	(167,060)	(11,809)	(178,869)	19,330	12,913	32,243
Net assets at beginning of year	884,688	23,055	907,743	865,358	10,142	875,500
Net assets at end of year	\$717,628	11,246	728,874	884,688	23,055	907,743

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ATLANTIC COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30,

	Program Services				Supporting Services				Totals	
	Agency Relations and Community Initiatives	Volunteer Center	Success by Six/Women's Leadership Institute	Total	Management and General	Direct Campaign Expenses	Special Events	UWA Dues	2009	2008 (A)
EXPENSES:										
Grants/Awards (Less Donor Designations)	\$1,824,530 (810,681)			1,824,530 (810,681)					1,824,530 (810,681)	1,964,970 (847,661)
Sub-total	1,013,849	0	0	1,013,849	0	0	0	0	1,013,849	1,117,309
Salaries and wages	77,078	65,421	32,102	174,601	108,267	152,113			434,980	453,503
Employee benefits	14,130	11,993	5,885	32,007	19,847	27,885			79,739	74,028
Payroll taxes	6,776	5,751	2,822	15,350	9,518	13,373			38,241	40,627
Sub-total	97,985	83,165	40,808	221,958	137,632	193,370	0	0	552,960	568,158
Professional fees	2,575	2,185	1,072	5,832	3,617	5,081			14,530	12,651
Supplies	4,056	3,443	43,095	50,594	(8,371)	8,004			50,227	58,475
Campaign Supplies						30,361			30,361	27,525
Telephone	992	842	413	2,246	1,333	1,957			5,996	4,064
Postage and shipping	1,424	1,209	593	3,226	2,001	2,811			8,038	4,858
Occupancy	4,167	3,537	1,736	9,440	5,853	8,224			23,517	24,788
Interest expense	2,817	2,391	1,173	6,381	3,957	5,560			15,898	16,440
Rental and maintenance of equipment	1,248	1,059	520	2,827	1,753	2,463			7,042	5,372
Travel and transportation	2,608	2,214	1,086	5,908	3,663	5,147			14,718	16,151
Conferences, conventions, and meetings	1,450	1,231	604	3,284	2,036	2,861			8,182	245
Dues and subscriptions	557	473	232	1,262	933	1,100			3,295	5,889
Insurance	1,374	1,167	572	3,113	1,930	2,712			7,756	7,865
Grant Expenses-ACSP				0			11,369		11,369	15,338
Special Events				0			61,178		61,178	61,144
Other expenses	2,728	2,316	1,136	6,180	14,642	5,384			26,206	74,322
Depreciation	5,542	4,704	2,308	12,555	7,785	10,938			31,277	23,754
Sub-total	31,539	26,769	54,541	112,849	41,192	92,602	72,547	0	319,190	358,881
United Way of America Dues				0			24,081		24,081	20,981
Total expenses	\$1,143,372	109,934	95,350	1,348,656	178,824	285,972	72,547	24,081	1,910,080	2,065,329

(A) - Detail of fiscal year 2008 expenses included on next page

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ATLANTIC COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Program Services			Supporting Services					Consolidated Total 2008	
	Agency Relations and Community Initiatives	Volunteer Center	Success by Six/Women's Leadership Institute	Total	Management and General	Direct Campaign Expenses	Special Events	UWA Dues		
<b>EXPENSES</b>										
Grants/Awards (Less Donor Designations)	\$1,964,970 (847,661)			1,964,970 (847,661)					0 0	1,964,970 (847,661)
Sub-total	1,117,309	0	0	1,117,309	0	0	0	0	0	1,117,309
Salaries and wages	79,363	61,676	64,806	205,845	92,333	155,325				453,503
Employee benefits	12,955	10,068	10,579	33,601	15,072	25,355				74,028
Payroll taxes	7,110	5,525	5,806	18,441	8,272	13,915				40,627
Sub-total	99,428	77,269	81,190	257,887	115,577	194,594	0	0	0	568,158
Professional fees	2,214	1,721	1,808	5,742	2,576	4,333				12,651
Supplies	2,133	1,658	48,028	51,819	2,482	4,175				58,475
Campaign Supplies				0		27,525				27,525
Telephone	711	553	581	1,845	827	1,392				4,064
Postage and shipping	850	661	694	2,205	989	1,664				4,858
Occupancy	4,600	3,575	3,757	11,932	3,852	9,004				24,788
Interest expense	2,877	2,236	2,349	7,462	3,347	5,631				16,440
Rental and maintenance of equipment	940	731	768	2,438	1,094	1,840				5,372
Travel and transportation	2,826	2,197	2,308	7,331	3,288	5,532				16,151
Conferences, conventions, and meetings	43	33	35	111	50	84				245
Dues and subscriptions	1,031	801	842	2,673	1,199	2,017				5,889
Insurance	1,376	1,070	1,124	3,570	1,601	2,694				7,865
Grant expenses-ACSYP				0		0				15,338
Special events				0		0				61,144
Other expenses	12,744	9,904	10,406	33,054	16,327	24,942				74,322
Depreciation	4,157	3,231	3,394	10,782	4,836	8,136				23,754
Sub-total	36,503	28,368	76,093	140,964	42,469	98,966	76,482	0	217,917	358,881
United Way of America Dues				0				20,981	20,981	20,981
Total expenses	\$1,253,240	105,637	157,283	1,516,160	158,145	293,561	76,482	20,981	549,169	2,065,329

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF ATLANTIC COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30,**

	2009	2008
Cash flows from operating activities:		
Excess/(deficit) of support and revenue over expenses	(\$178,869)	32,243
Adjustments to reconcile change in excess of support and revenue over expenses		
Depreciation	31,277	23,754
Decrease in net present value of Pooled Income Fund	1,309	587
Realized/unrealized gains (losses) on investments	138	749
Changes in operating assets and liabilities		
(Increase)/decrease in pledges receivable	197,870	(154,546)
Decrease in other receivables	12,167	6,509
Decrease in prepaid expenses	896	1,518
Increase/(decrease) in deferred income	13,833	(5,086)
Increase/(decrease) in accounts payable and accrued expenses	(23,064)	22,388
(Decrease) in grants payable	(77,415)	(51,622)
Net cash (used) by operating activities	(21,858)	(123,506)
Cash flows from investing activities:		
Proceeds from sale of investments	933,000	1,755,633
Purchase of investments	(257,263)	(1,692,100)
Purchase of property and equipment	(21,931)	(23,691)
Net cash provided by investing activities	653,806	39,842
Cash flows from financing activities:		
Reduction in debt	(13,162)	(11,572)
Net cash (used) by financing activities	(13,162)	(11,572)
Net increase/(decrease) in cash and cash equivalents	618,786	(95,236)
Cash and cash equivalents at beginning of year	183,274	278,510
Cash and cash equivalents at end of year	\$802,060	183,274
<u>Supplemental Disclosure</u>		
Interest paid	15,898	16,440
<u>Non-Cash Activity</u>		
Capital Lease	0	10,519
<u>Donated Services</u>		
Building Maintenance	0	1,500
Advertising	9,208	49,685

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ATLANTIC COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of United Way of Atlantic County, Inc. (the Agency) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Agency is a fund-raising organization whose mission is "to improve people's lives through the investment of available resources to address community needs."

Basis of Presentation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Agency 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.

It is the policy of the Agency to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Campaign Pledges and Appropriations

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2009 are from corporations and individuals. The Agency maintains reserves for potential uncollectible pledges which, in the aggregate, have not exceeded management's expectations. After two years, uncollected campaign pledges are written off.

Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Agency but are reported as part of Campaign Results from which the amounts are then deducted to arrive at Campaign Revenue.

Provision for uncollectible pledges is computed based upon a three year historical average adjusted by management estimates of current economic factors, applied to gross campaign, excluding donor designations.

Donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

UNITED WAY OF ATLANTIC COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards (Revised 2003)*. Expenses incurred during the fiscal years ended June 30, 2009 and 2008 have been allocated based on the following percentages:

<u>Program</u>	<u>Allocation</u>	
	<u>FY2009</u>	<u>FY2008</u>
Agency Relations and Community Initiatives	17.72%	17.50%
Volunteer Center	15.04%	13.60%
Success by Six	7.38%	14.29%
Management and General	24.89%	20.36%
Direct Campaign Expenses	34.97%	34.25%
Total	<u>100.00%</u>	<u>100.00%</u>

Cash Flow Information

The Agency considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Investments

The Agency carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on inputs other than quoted prices that are observable for the investments (all Level 2 measurements) in the Statement of Financial Position. Unrealized gains and losses on investments are included in the change in net assets in the accompanying Statement of Activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowances for uncollectible pledges. Because of the inherent uncertainties in estimating uncollectible pledges, it is reasonably possible that management's estimates could change in the near term.

Federal and State Income Taxes

The Agency is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is also exempt from State income taxes and is registered with the State of New

UNITED WAY OF ATLANTIC COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

Jersey under the New Jersey Charitable Registration and Investigation Act (CRI) of 1994. No provision has been made for federal or state income taxes.

Advertising

It is the policy of the Agency to expense advertising costs as they are incurred rather than capitalize and amortize over its expected period of future benefits. During 2009 and 2008 \$16,064 and \$49,685 respectively of advertising was expensed.

**NOTE 2: DEPRECIATION**

Property and equipment owned by the Agency are stated at cost or, if acquired by gift, at fair value at the date of acquisition. Depreciation is computed based on the estimated useful lives of the assets (forty years for buildings and improvements; five-ten years for furniture and equipment) using the straight-line method. Depreciation expense was \$31,277 in 2009 and \$23,754 in 2008.

Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred; additions and major renewals considered to be betterments are capitalized when the cost exceeds \$1,000.

A summary of land, buildings, and equipment is as follows:

	<u>6/30/09</u>	<u>6/30/08</u>
Land	\$ 125,000	125,000
Building & Improvements	490,806	490,806
Equipment	123,974	102,043
Furniture & Fixtures	<u>10,110</u>	<u>10,110</u>
Total Property, Plant & Equipment	749,890	727,959
Less: Accumulated Depreciation	<u>152,233</u>	<u>120,956</u>
Net Property, Plant & Equipment	\$ <u>597,657</u>	<u>607,003</u>

The Land, Buildings & Improvements are all pledged against the mortgage on the property.

**Note 3: PLEDGES RECEIVABLE**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor (other than donor designated gifts received through the annual campaign) is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF ATLANTIC COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

An allowance for uncollectible pledges is recorded at the time the pledge is made. This allowance is revised periodically when conditions indicate changes in facts and circumstances. As of June 30, 2009 and 2008, the allowance for uncollectibles represented 8.00% and 8.00% of the annual campaign.

The Agency does not recognize revenue that has already been recognized by another entity.

Due to the nature of the receivables, no service charges are accumulated on delinquent receivables.

A summary of pledges receivable is as follows:

	<u>6/30/09</u>	<u>6/30/08</u>
General Campaign	\$ 956,108	1,160,772
CFC & PECC Campaign	220,380	105,766
	<u>1,176,488</u>	<u>1,266,538</u>
Less Allowance for Uncollectibles	(175,164)	(67,344)
Pledges Receivables, net	<u>\$ 1,001,324</u>	<u>1,199,194</u>

**Note 4: LONG-TERM INVESTMENTS**

Investments are presented in the financial statements at fair value in accordance with generally accepted accounting standards.

	<u>6/30/09</u>		<u>6/30/08</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	155,000	155,176	831,000	831,000
Mutual Funds	342	274	342	325
Total Investments	<u>155,342</u>	<u>155,450</u>	<u>831,342</u>	<u>831,325</u>

As a result of amortization of held to maturity investments purchased at a discount or premium, cost and market may vary.

Investment return is summarized as follows:

	<u>6/30/09</u>	<u>6/30/08</u>
Interest Income	\$ 34,994	34,598
Net realized gains/(losses)	(8,548)	9,116
Net unrealized gains/(losses)	108	(17)
Total unrestricted investment income	<u>\$ 26,554</u>	<u>43,697</u>

UNITED WAY OF ATLANTIC COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

**Note 5: FAIR VALUE MEASUREMENTS**

Fair value of assets measured on a recurring basis as of June 30, 2009 and 2008 are as follows:

		Fair Value Measurements Using:	
		Fair Value	Significant other Observable Inputs (Level 2)
		<u>Fair Value</u>	<u>(Level 2)</u>
<b>June 30, 2009</b>			
Certificates of Deposit	\$	155,176	155,176
Mutual Funds		274	274
Total		<u>155,450</u>	<u>155,450</u>
<b>June 30, 2008</b>			
Certificates of Deposit		831,000	831,000
Mutual Funds		342	342
Total	\$	<u>831,342</u>	<u>831,342</u>

The fair value measurements fall within the following hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for asset or liability

Level 3 – unobservable inputs for the asset or liability

There have been no changes in valuation techniques and related inputs.

**Note 6: CHARITABLE REMAINDER TRUSTS**

The Agency is a beneficiary to a revocable trust agreement established September 27, 1999 upon the death of Albert R. Costa. Under the agreement, a portion of the trust assets are transferred to a second trust upon the death of each beneficiary. After all beneficiaries have died, the Agency will receive distributions of trust principal. The Agency is currently receiving quarterly distributions of income. Based on the trust assets as of June 30, 2009, if all beneficiaries had died, the Agency would receive approximately \$120,000. Since there is no sum certain, or time certain, when the assets will be distributed, there is no quantifiable amount to include on the balance sheet.

The Agency is also a beneficiary to a Pooled Income Fund held by United Way of America. The fund was established through a contribution in the amount of \$10,142. The Agency will receive the value of the trust upon the death of the donor and his beneficiary. These funds will be available for the Agency's general uses and purposes. As of June 30, 2009 and 2008, the value of the contribution was \$8,246 and \$9,555, respectively.

UNITED WAY OF ATLANTIC COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**Note 7: PAYROLL TAXES**

As of June 30, 2009 and 2008, the Agency was current with all payroll related taxes.

**Note 8: DONATED MATERIALS AND SERVICES**

Donated services are recognized as contributions if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. During the 2008 fiscal year, several area corporations donated billboard space to the United Way of Atlantic County for advertising. This space, which is valued at \$126,107, would not have otherwise been purchased by the Agency. This space was not donated during the 2009 fiscal year. Also, volunteers provided fund raising services throughout the year. These services and the billboard advertising are not recognized as contributions in the financial statements since the above criteria has not been met.

**Note 9: GRANTS PAYABLE**

Grants payable represent contributions designated by the donor to other United Way organizations or other United Way partner agencies net of an administrative fee determined by the Board of Directors. Grants also include amounts allocated to United Way member agencies as determined by the Board of Directors on an annual basis. It is the policy of the Agency to report donor choice designations as a reduction to gross campaign revenue.

**Note 10: RETIREMENT PLAN**

The Agency implemented a defined contribution plan effective January 1, 1994. The Plan covers substantially all employees who qualify as to age and length of service. Contributions to the Plan are at the discretion of the Board of Directors. It is the policy of the Agency to contribute 9% of the employee's salary to the plan. The pension expense for the year ended June 30, 2009 and 2008 amounted to \$33,397 and \$33,480, respectively.

**Note 11: ACCRUED SICK AND VACATION**

Employees of the Agency are permitted to accrue sick and vacation during the fiscal year. A maximum of 45 sick days may be carried over to future fiscal years indefinitely but will not be paid out upon departure. One-half of the vacation accrued may be carried over but must be used prior to December 31 of the subsequent fiscal year. Since there is no liability, no accrual for unused vacation time has been established at June 30, 2009.

**Note 12: CONCENTRATION OF RISK**

As of June 30, 2009, the Agency had cash equivalents at financial institutions and in money market funds, which at times during the year may exceed federal insured limits. The Agency only deposits funds in recognized fiscally stable financial institutions. The Agency's ability to raise funds is

UNITED WAY OF ATLANTIC COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

dependent on the financial health of the major industry in this area, which is gaming. The majority of contributions are generated through the Agency's annual campaign which is held in the fall of each year.

**Note 13: RESTRICTIONS/LIMITATIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Subsequent Campaign	\$ 3,000	13,500
Unconditional Promise to Give-UWA Pooled Income	8,246	9,555
Total Temporarily Restricted Net Assets	<u>\$ 11,246</u>	<u>23,055</u>

**Note 14: LONG TERM DEBT**

On July 25, 2003, the Agency purchased office space located at 4 E. Jimmie Leeds Road in Galloway Township, NJ at a cost of \$600,018. The Agency entered into a mortgage agreement in the amount of \$300,000 with Sun National Bank. The mortgage is payable in equal monthly installments of \$2,164.93, based on a twenty year payout. A final payment in the amount of \$194,207 is due July 28, 2013. The monthly payments include interest at 6% per annum. The fair value of the mortgage approximates the actual amount.

The future scheduled maturities of long-term debt are as follows:

Years ending June 30,	
2010	11,372
2011	12,084
2012	12,839
2013	208,987
2014	0
Total	<u>\$ 245,282</u>

**Note 15: CAPITAL LEASE PAYABLE**

The Agency leases a Sharp copy machine under a capital lease. The economic substance of the lease is that the Agency is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Agency's assets and liabilities.

The following is an analysis of the leased assets included in Land, Buildings, and Equipment:

	6/30/09	6/30/08
Equipment	\$ 10,519	10,519
Less accumulated depreciation	(4,208)	(2,104)
	<u>\$ 6,311</u>	<u>8,415</u>

UNITED WAY OF ATLANTIC COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2009:

Year ending June 30,		
2010	\$	3,051
2011		3,051
2012		1,017
2013		0
2014		0
Total minimum lease payments		<u>7,119</u>
Less amount representing interest		605
Present value of minimum lease payments	\$	<u><u>6,514</u></u>

Amortization of assets held under capital leases is included with depreciation expense.

**SUPPLEMENTAL INFORMATION**

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**UNITED WAY OF ATLANTIC COUNTY, INC.  
SCHEDULE OF BUDGET TO ACTUAL  
YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Salaries and wages	\$450,000	434,980	15,020
Employee benefits	83,959	79,739	4,220
Payroll taxes	<u>39,594</u>	<u>38,241</u>	<u>1,353</u>
 Total salaries and related expenses	 573,553	 552,960	 20,593
Professional fees	16,600	14,530	2,070
Supplies	15,920	12,889	3,031
Telephone	3,700	5,596	(1,896)
Postage and shipping	7,150	8,038	(888)
Occupancy	23,400	23,517	(117)
Interest expense	15,042	15,898	(856)
Rental and maintenance of equipment	6,050	7,042	(992)
Campaign Supplies	34,100	30,361	3,739
Conferences, conventions, and meetings	500	8,182	(7,682)
Travel and transportation	18,100	14,718	3,382
Dues and subscriptions	7,500	3,295	4,205
Insurance	8,200	7,756	444
Special Events	126,040	109,885	16,155
Other expenses	6,300	26,206	(19,906)
Depreciation	<u>25,500</u>	<u>31,277</u>	<u>(5,777)</u>
 Sub-total	 887,655	 872,150	 15,505
 United Way of America Dues	 24,081	 24,081	 0
 Total expenses	 <u>\$911,736</u>	 <u>896,231</u>	 <u>15,505</u>

See accompanying auditor's report

**UNITED WAY OF ATLANTIC COUNTY, INC.**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30,**

Description	Maturity Date	2009		2008	
		Cost	Market	Cost	Market
<b>Certificates of Deposit</b>					
Discover Bank 5.25%	6/22/09			70,000	70,000
Flagstar Bank 4.0%	9/15/09	40,000	40,000	40,000	40,000
Washington Mutual Bank 5.25%	6/21/10	30,000	30,000	30,000	30,000
Merrill Lynch Bank 6.25%	6/16/09			10,000	10,000
World Savings Bank FSB 5.20%	7/25/08			25,000	25,000
IndyMac Bank FSB 4.85%	8/7/08			25,000	25,000
Western Bank Puerto Rico 5.15%	9/5/08			25,000	25,000
IndyMac Bank FSB 3.85%	9/19/08			45,000	45,000
GE Money Bank UT US 3.25%	9/25/08			33,000	33,000
Discover Bank 4.65%	9/30/08			25,000	25,000
Provident Bank MD 4.40%	10/16/08			40,000	40,000
Private Bank & TR Co. 4.40%	10/20/08			45,000	45,000
Carolina First Bank 3.20%	11/20/08			40,000	40,000
IndyMac Bank FSB 3.50%	12/15/08			33,000	33,000
Provident Bank MD 4.40%	1/16/09			40,000	40,000
Western Bank Puerto Rico 4.40%	1/23/09			45,000	45,000
Capital One Bank 3.20%	2/20/09			50,000	50,000
MidFirst Bank 3.35%	3/25/09			30,000	30,000
Carolina First Bank 3.75%	4/13/09			55,000	55,000
Mutual Bank 3.45%	4/30/09			50,000	50,000
Bank North Georgia 3.35%	5/7/09			25,000	25,000
Western Bank PR 3.40%	5/29/09			50,000	50,000
Ally Bank 3.40%	8/21/09	60,000	60,176		
Citi Bank 3.40%	8/13/09	25,000	25,000		
<b>Total Certificates of Deposit</b>		<u>155,000</u>	<u>155,176</u>	<u>831,000</u>	<u>831,000</u>
<b>Mutual Funds</b>					
American Balanced Fund CL A		<u>342</u>	<u>274</u>	<u>342</u>	<u>325</u>
<b>Total Mutual Funds</b>		<u>342</u>	<u>274</u>	<u>342</u>	<u>325</u>
<b>Total Investments</b>		<u>155,342</u>	<u>155,450</u>	<u>831,342</u>	<u>831,325</u>

See accompanying auditor's report