

UNITED WAY OF HALL COUNTY, INC.

(A NON-PROFIT CORPORATION)

GAINESVILLE, GEORGIA

FINANCIAL STATEMENTS

(WITH INDEPENDENT AUDITORS' REPORT)

Years Ended

April 30, 2011 and 2010

UNITED WAY OF HALL COUNTY, INC.
GAINESVILLE, GEORGIA

TABLE OF CONTENTS

	<u>Page</u>
<u>BASIC FINANCIAL STATEMENTS AND REPORTS</u>	
INDEPENDENT AUDITORS' REPORT	1
STATEMENTS OF FINANCIAL POSITION	2 - 3
STATEMENTS OF ACTIVITIES	4 - 5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 18
 <u>SUPPLEMENTAL INFORMATION</u>	
SCHEDULE OF REVENUE AND EXPENSES - HALL COUNTY UNITED WAY	19 - 20
SCHEDULE OF REVENUE AND EXPENSES - LUMPKIN COUNTY UNITED WAY	21



PH 770.532.9131
FX 770.536.5223
525 CANDLER STREET, NE
PO DRAWER 2396
GAINESVILLE, GEORGIA 30503
WWW.BATESCARTER.COM

INDEPENDENT AUDITORS' REPORT

July 18, 2011

To the Board of Directors
UNITED WAY OF HALL COUNTY, INC.
GAINESVILLE, GEORGIA

We have audited the accompanying statements of financial position of UNITED WAY OF HALL COUNTY, INC. (A NON-PROFIT CORPORATION) as of April 30, 2011 and 2010 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 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 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 HALL COUNTY, INC. as of April 30, 2011 and 2010, 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 as a whole. The accompanying schedules are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bates, Carter & Co., LLP

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
April 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 1,605,358	\$ 1,688,897
Grants receivable	14,811	15,884
Interest receivable	4,070	3,569
Endowment fund interest receivable	1,039	1,883
Pledges receivable, net	809,806	818,909
Prepaid expenses	116,456	4,471
Total current assets	2,551,540	2,533,613
Property and equipment		
Property and equipment	552,818	574,173
Accumulated depreciation	(246,345)	(248,108)
Total property and equipment	306,473	326,065
Other assets		
Endowment fund	167,637	167,362
Total other assets	167,637	167,362
Total assets	\$ 3,025,650	\$ 3,027,040

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 2,494	\$ 2,912
Allocations and designations payable	1,412,600	1,417,600
Other accrued liabilities	2,789	13,842
Donor designations to other United Ways	<u>9,750</u>	<u>10,616</u>
Total current liabilities	<u>1,427,633</u>	<u>1,444,970</u>
Net Assets		
Unrestricted net assets		
Unallocated net assets	705,722	557,039
Board designated net assets	<u>879,109</u>	<u>1,010,253</u>
Total unrestricted net assets	1,584,831	1,567,292
Temporarily restricted net assets	<u>13,186</u>	<u>14,778</u>
Total net assets	<u>1,598,017</u>	<u>1,582,070</u>
 Total liabilities and net assets	 <u>\$ 3,025,650</u>	 <u>\$ 3,027,040</u>

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF ACTIVITIES
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Unrestricted	Temp. Restricted	Total 2011	Total 2010
Changes in unrestricted net assets				
Support and revenue				
<i>Campaign revenues</i>				
Prior year unpledged revenue, excess of pledges	\$ 53,260	\$ -	\$ 53,260	\$ 44,571
Recovery of allowance for uncollected pledges, prior year	68,948	-	68,948	42,747
Net campaign revenue, prior year	122,208	-	122,208	87,318
Gross campaign results, current year	1,867,444	-	1,867,444	1,946,146
Less donor designations to partner agencies	(134,905)	-	(134,905)	(94,123)
Less donor designations to other United Ways	(10,834)	-	(10,834)	(11,796)
Less allowance for uncollectible pledges	(146,787)	-	(146,787)	(190,889)
Net campaign revenue, current year	1,574,918	-	1,574,918	1,649,338
Gross campaign results, next year	-	3,000	3,000	-
Net campaign revenue, next year	-	3,000	3,000	-
<i>Total campaign revenues</i>	1,697,126	3,000	1,700,126	1,736,656
<i>Other revenues</i>				
Contributions	18,351	38,700	57,051	74,300
Designations from other United Ways	22,044	-	22,044	13,474
Inkind contributions (services)	51,846	-	51,846	34,365
Investment income	18,099	-	18,099	32,620
Miscellaneous income	7,965	-	7,965	3,074

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF ACTIVITIES
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Unrestricted	Temp. Restricted	Total 2011	Total 2010
Service fee revenue	1,083	-	1,083	1,180
Net assets released from restriction	43,292	(43,292)	-	-
<i>Total other revenues</i>	162,680	(4,592)	158,088	159,013
Total public support and revenue	1,859,806	(1,592)	1,858,214	1,895,669
Expenses				
Program services				
Gross funds awarded / distributed	1,446,000	-	1,446,000	1,439,904
Less allocations to partner agencies	(134,905)	-	(134,905)	(94,123)
Net funds awarded / distributed	1,311,095	-	1,311,095	1,345,777
Other program services	135,050	-	135,050	194,782
Total Program services	1,446,145	-	1,446,145	1,540,559
Administrative expenses	230,874	-	230,874	230,859
Fundraising expenses	165,248	-	165,248	194,512
Total expenses	1,842,267	-	1,842,267	1,965,930
Increase (decrease) in net assets	17,539	(1,592)	15,947	(70,261)
Net assets, beginning of year	1,567,292	14,778	1,582,070	1,652,331
Net assets, end of year	\$ 1,584,831	\$ 13,186	\$ 1,598,017	\$ 1,582,070

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Program Services			Support Services			2011	2010
	Allocation	Other	Total	Organizational &	Fundraising	Total	TOTAL	TOTAL
	Services	Programs		Administration				
Salaries & benefits								
Salaries and wages	\$ 37,821	\$ 30,146	\$ 67,967	\$ 86,245	\$ 50,304	\$ 136,549	\$ 204,516	\$ 262,227
Retirement plan contributions	467	350	817	900	298	1,198	2,015	7,324
Other employee benefits	1,203	810	2,013	10,350	5,344	15,694	17,707	22,302
Payroll taxes	3,001	2,282	5,283	6,702	4,166	10,868	16,151	20,085
Total salaries & benefits	<u>42,492</u>	<u>33,588</u>	<u>76,080</u>	<u>104,197</u>	<u>60,112</u>	<u>164,309</u>	<u>240,389</u>	<u>311,938</u>
Other expenses								
Accounting services	-	-	-	42,576	-	42,576	42,576	29,643
Advertising	1,491	12	1,503	363	47,393	47,756	49,259	49,833
Community impact programs	252	24,387	24,639	-	-	-	24,639	33,288
Dues and subscriptions	776	68	844	715	1,244	1,959	2,803	2,740
Facilities costs	1,885	1,450	3,335	7,795	3,480	11,275	14,610	13,913
Funds awarded / distributed	1,311,095	-	1,311,095	-	-	-	1,311,095	1,345,777
Information Technology	557	429	986	2,887	1,099	3,986	4,972	7,047
Insurance	341	425	766	4,444	1,021	5,465	6,231	8,020
Miscellaneous	50	-	50	1,361	2,566	3,927	3,977	1,371
Office expenses	1,024	748	1,772	6,510	3,156	9,666	11,438	15,020
Professional services	5,720	5,525	11,245	18,176	6,435	24,611	35,856	46,500
Repairs and maintenance	445	343	788	1,816	822	2,638	3,426	3,631
Special events	495	35	530	3,257	14,918	18,175	18,705	28,810
Supplies	233	41	274	310	5,560	5,870	6,144	6,601
Telecommunications	1,647	1,267	2,914	7,886	3,042	10,928	13,842	14,065
Training and education	-	-	-	4,731	(605)	4,126	4,126	1,842
Travel	282	56	338	634	580	1,214	1,552	3,091
United Way Dues	4,227	-	4,227	12,260	9,448	21,708	25,935	20,995
Subtotal	<u>1,330,520</u>	<u>34,786</u>	<u>1,365,306</u>	<u>115,721</u>	<u>100,159</u>	<u>215,880</u>	<u>1,581,186</u>	<u>1,632,187</u>
Depreciation expense	<u>2,690</u>	<u>2,069</u>	<u>4,759</u>	<u>10,956</u>	<u>4,977</u>	<u>15,933</u>	<u>20,692</u>	<u>21,805</u>
Total operating expenses	<u>\$ 1,375,702</u>	<u>\$ 70,443</u>	<u>\$ 1,446,145</u>	<u>\$ 230,874</u>	<u>\$ 165,248</u>	<u>\$ 396,122</u>	<u>\$ 1,842,267</u>	<u>\$ 1,965,930</u>

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 15,947	\$ (70,261)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	20,692	21,805
(Increase) decrease:		
Interest receivable	343	6,743
Pledges receivable	9,104	141,613
Grants receivable	1,072	(441)
Prepaid expenses	(111,985)	6,433
Increase (decrease) in:		
Accounts payable	(417)	713
Other accrued liabilities	(11,054)	(318)
Allocations and designations payable	(5,000)	(25,000)
Donor designations to other United Ways	(866)	(2,153)
Total adjustments	<u>(98,111)</u>	<u>149,395</u>
Net cash provided by (used in) operating activities	<u>(82,164)</u>	<u>79,134</u>
Cash flows from investing activities		
Payments for the purchase of property and equipment	(1,100)	(6,601)
Purchase of investments	(3,775)	(6,195)
Proceeds on sale of investment	3,500	5,426
Net cash provided by (used in) investing activities	<u>(1,375)</u>	<u>(7,370)</u>
Net increase (decrease) in cash and cash equivalents	(83,539)	71,764
Cash and cash equivalents, beginning of year	<u>1,688,897</u>	<u>1,617,133</u>
Cash and cash equivalents, end of year	<u>\$ 1,605,358</u>	<u>\$ 1,688,897</u>

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

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant policies of UNITED WAY OF HALL COUNTY, INC. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of these financial statements.

NATURE OF ACTIVITIES

Founded on August 12, 1948, the Organization is a non-profit Organization whose mission is to "unite people, organizations and resources to improve lives in Hall County". The Organization seeks to fulfill this objective by allocating funds raised through annual campaigns to various partner agencies. The Organization is governed by a volunteer board of directors.

The accompanying financial statements do not include the financial position and operating results of member agencies, each of which has its own independent board of directors and maintains separate accounts.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

The Organization reports financial information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Funds are raised during the annual fall campaign to be allocated to member agencies and for the operating expenses of the Organization for the coming year. The Organization reports these campaign promises to give, net of allowance for uncollectible pledges, as unrestricted support on the statement of activities.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

DONATED EQUIPMENT AND SERVICES

Donations of property and equipment are recorded as support at their estimated fair value at date of donation. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The value of donated equipment and services included in the financial statements and the corresponding expenses are as follows for the year ended April 30:

	2011	2010
Advertising	\$ 33,862	\$ 22,147
Contract Services	17,984	12,218
Total donated services and equipment	\$ 51,846	\$ 34,365

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments to be cash equivalents. The organization has long-term certificates of deposit that are included in cash and cash equivalents because of their highly liquid nature. (See Note 3).

ALLOWANCE FOR UNCOLLECTIBLE PROMISES TO GIVE

The Organization provides an allowance for uncollectible promises to give coincidentally with the recording of campaign revenues. The allowance is computed based upon management estimates of current economic factors, amounts applied to the gross campaign, and excluding donor designations.

PLANT, PROPERTY AND EQUIPMENT

Property and equipment with a cost greater than \$1,000 are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings	30 years
Equipment	5-7 years
Software & Web site	3 years

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

FUNDS AND PROGRAMS

The Organization uses the following funds to account for the programs and supporting services it provides:

- The Community Investment fund includes activity relating to the allocations to various partner agencies and community impact distributions.
- The Organization Support fund includes general assets, support, and administration expenses.
- The Resource Development fund includes campaign and marketing activity.
- The United Way of Lumpkin County fund includes activity for the Lumpkin County division, established in the summer of 2003. The funds raised by this division are used to improve the lives of Lumpkin County residents.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of programs and supporting services have been reported on a functional basis. This reporting required the allocation of certain costs among the various programs and supporting services based on estimates made by management.

INCOME TAXES

No provision has been made for income taxes in the financial statements, since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending April 30, 2008, 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

CONCENTRATION OF RISK

The majority of pledges receivable are from contributors in the Hall and Lumpkin County area.

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 and disclosures. Accordingly, actual results could differ from those estimates.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

ADVERTISING COSTS

Advertising costs are expensed as incurred.

FINANCIAL STATEMENT RECLASSIFICATION

Certain accounts have been reclassified from the prior year for ease of comparison on the financial statements. This reclassification affects neither the change in net assets nor the total net assets of the Organization.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The carrying amount of cash deposits at April 30, 2011 and 2010, was \$1,605,358 and \$1,688,897, respectively. The bank balances were \$1,624,547 and \$1,911,561, at April 30, 2011 and 2010, respectively. Of the bank balance at April 30, 2011 and 2010, \$1,106,200 and \$1,311,000 was secured or covered by federal depository insurance. The remaining \$518,347 and \$600,561, was uninsured and unsecured at April 30, 2011 and 2010, respectively.

The Endowment Fund carrying amount of cash deposits at April 30, 2011 and 2010 was \$167,637 and \$167,362, respectively. The bank balance was \$167,637 and \$167,362, at April 30, 2011 and 2010, respectively. Of the bank balance at April 30, 2011 and 2010, \$167,362 and \$166,593 was secured or covered by federal depository insurance.

NOTE 3 - CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$402,695, and \$1,063,695 for the years ending April 30, 2011 and 2010, respectively are included in cash and cash equivalents in the accompanying financial statements, and a certificate of deposit with balances of \$167,637 and \$167,362 for the years ending April 30, 2011 and 2010, respectively is included in long-term assets. The certificates bear interest ranging from 1% to 2% and have original maturities from twelve to eighteen months with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The board has designated that \$300,000 of the certificates of deposit be segregated as a two month cash reserve for emergency use. A \$2,695 certificate of deposit is held as a surety bond for Georgia unemployment tax. The \$167,637 certificate of deposit is held as a board designated asset in the endowment fund.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

NOTE 4 - INVESTMENTS

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements). The cost assigned to investments received by donations is the market value the day the gift is made. As of April 30, 2011 and 2010, there was no outstanding donated stock, and all investment brokerage accounts had a fair market value of \$0. All of the Organization's investments at year end were certificates of deposit.

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at April 30:

	<u>2011</u>	<u>2010</u>
Pledges Receivable	\$ 956,593	\$ 1,009,797
Less allowance for uncollectible pledges	<u>(146,787)</u>	<u>(190,888)</u>
Net pledges receivable	<u>\$ 809,806</u>	<u>\$ 818,909</u>

NOTE 6 - PLANT, PROPERTY AND EQUIPMENT

Property and equipment, owned is summarized as follows at April 30:

	<u>2011</u>	<u>2010</u>
Buildings	\$ 327,756	\$ 327,756
Computer equipment and software	41,841	56,893
Furniture and fixtures	45,671	51,974
Website	37,550	37,550
Land	<u>100,000</u>	<u>100,000</u>
	552,818	574,173
Less: accumulated depreciation	<u>(246,345)</u>	<u>(248,108)</u>
	<u>\$ 306,473</u>	<u>\$ 326,065</u>

The depreciation expense was \$20,692 and \$21,805 for the years ended April 30, 2011 and 2010, respectively.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

NOTE 7 - SUMMARY OF NET ASSETS

Temporarily restricted net assets consist of the following, including net assets that were released from donor restrictions by satisfying the restricted purposes during the years ending April 30, 2011 and 2010.

	<u>4/30/2010</u>	<u>Additions</u>	Released from <u>Restrictions</u>	<u>4/30/2011</u>
Campaign pledges for future years	\$ -	\$ 3,000	\$ -	\$ 3,000
Worksite Wellness	1,800	-	1,800	-
Middle School Initiative	8,405	12,700	21,105	-
Future events	4,573	26,000	20,387	10,186
Total	<u>\$ 14,778</u>	<u>\$ 41,700</u>	<u>\$ 43,292</u>	<u>\$ 13,186</u>

	<u>4/30/2009</u>	<u>Additions</u>	Released from <u>Restrictions</u>	<u>4/30/2010</u>
Campaign pledges for future years	\$ 3,000	\$ -	\$ 3,000	\$ -
Toys for Tots	4,118	3,675	7,793	-
Worksite Wellness	7,100	-	5,300	1,800
Middle School Initiative	24,335	5,000	20,930	8,405
Future Events	11,283	20,300	27,011	4,573
Total	<u>\$ 49,836</u>	<u>\$ 28,975</u>	<u>\$ 64,034</u>	<u>\$ 14,778</u>

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

Board-designated net assets consist of the following on April 30:

	<u>2011</u>	<u>2010</u>
Community Impact funds budgeted	\$ 500	\$ 23,609
Volunteer activities budgeted	-	50,491
Administrative expenses budgeted - Hall	240,507	285,274
Administrative expenses budgeted - Lumpkin	7,689	16,623
Fundraising funds budgeted	144,332	133,946
Sinking fund for Future Capital Needs	5,000	5,000
Hall Life Report	1,811	-
Collaboration Fund	4,120	-
Endowment fund	<u>168,677</u>	<u>169,245</u>
Subtotal	572,636	684,188
Investment in fixed assets	<u>306,473</u>	<u>326,065</u>
Total board-designated net assets	<u>\$ 879,109</u>	<u>\$ 1,010,253</u>

NOTE 8 - ENDOWMENT FUND

The Organization's endowment consists of one fund established to promote community educational programs. The fund is designated by the Board of Directors to function as an endowment fund. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Organization has interpreted the version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) enacted in the state of Georgia as requiring the preservation of the historical 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, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Asset Composition by Type of Fund as of April 30:

Unrestricted Endowment Funds	2011	2010
Board-designated endowment funds	\$ 168,677	\$ 169,245
Total funds	\$ 168,677	\$ 169,245

Changes in Endowment Net Assets for the Fiscal Years ended April 30:

	2011	2010
Endowment net assets, beginning of year	\$ 169,245	\$ 169,826
Investment return:		
Investment income	2,337	4,845
Total investment return	2,337	4,845
Appropriation of endowment assets for expenditure	(2,905)	(5,426)
Endowment net assets, end of year	\$ 168,677	\$ 169,245

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 period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the Organization invests the endowment fund in a certificate of deposit.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

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 interest income.

SPENDING POLICY

The Organization has established a policy of appropriating for distribution each year a minimum of 70% of the earnings of the endowment fund. Any earnings not distributed is added to the corpus. In establishing this policy, the Organization considered the long-term expected return on its endowment. The proceeds are to be spent for educational purposes.

NOTE 9 - DONOR DESIGNATED CONTRIBUTIONS

Individual contributors may designate their contribution to go to a specific member agency. These contributions are recorded as liabilities on the balance sheet in the year made as the Organization is serving as a pass through entity. The liability is reduced as these designations are paid. Donor designated contributions for the 2011 campaign totaled \$144,654, which includes \$134,905 to member agencies and \$9,751 (net of service fee of \$1,084) to other United Ways. The Organization had not received any 2012 campaign donor designations in the current year, thus, the outstanding liability reflects only 2011 designations.

Donor designated pledges are assessed both a fundraising and management and general 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 Requirement for Membership Standard M (Cost Deduction for Designated Funds)*.

**UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010**

NOTE 10 - MEMBER AGENCY ALLOCATIONS/PAYMENTS

The Organization has made the following allocations and payments to its member agencies for April 30:

	<u>2011</u>	<u>2010</u>
Current year campaign allocations - Hall County	\$ 1,342,600	\$ 1,342,600
Current year campaign allocations - Lumpkin County	69,900	75,000
	<u>1,412,500</u>	<u>1,417,600</u>
Gross funds awarded	1,412,500	1,417,600
Less donor designated amounts - Hall County	(134,365)	(92,695)
Less donor designated amounts - Lumpkin County	(540)	(1,428)
	<u>(134,905)</u>	<u>(94,123)</u>
Total donor designations to partner agencies	(134,905)	(94,123)
	<u>1,277,595</u>	<u>1,323,477</u>
Net funds awarded	1,277,595	1,323,477
Additional distributions to partner agencies - Hall County	5,000	17,300
Additional distributions to partner agencies - Lumpkin County	-	5,000
Additional community impact distributions - Hall County	28,500	-
	<u>28,500</u>	<u>-</u>
Net funds awarded / distributed	<u>\$ 1,311,095</u>	<u>\$ 1,345,777</u>

NOTE 11 – NORTH GEORGIA COMMUNITY FOUNDATION

In prior years, various groups provided assets to the North Georgia Community Foundation (the Foundation) which was designated for the support of the United Way of Hall County, Inc. The property transferred to the North Georgia Community Foundation had a market value of \$504,579 and \$445,837 at April 30, 2011 and 2010, respectively. Since the Foundation has the ultimate authority and control over all property in the Funds, the Organization does not record the endowment on its records. It is the general policy of the Foundation that a substantial part of the funds shall remain an endowment and therefore distributions of only net income and appreciated value should be requested. However, the governing board of the organization may from time-to-time request a distribution in excess of income and appreciation.

During the years ended April 30, 2011 and 2010, the Organization did not receive any grants from these funds.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011 and 2010

NOTE 12 - RETIREMENT PLAN

The United Way provides a simple individual retirement account which is funded based on amounts withheld from salary and matching contributions. The organization matches 1% and 3% for the employee contributions for the years ended April 30, 2011 and 2010, respectively. These funds are deposited with an independent administrator on a monthly basis. The employer's contributions into the retirement account for the years ended April 30, 2011 and 2010, was \$2,015 and \$7,324, respectively.

NOTE 13 - FUND RAISING AND MANAGEMENT AND GENERAL EXPENSE RATIO

For the year ended April 30, 2011, the "Fund Raising and Management and General Expense Ratio" as defined in the United Way of America Functional Expenses and Overhead Reporting Standards is 17.7%. This is the ratio of the total supporting services (Organizational, Administration and Fundraising) of \$344,690 divided by total revenue of \$1,951,023 as reported on the Organization's Form 990. The total revenue per the Form 990 is total public support and revenue of \$1,858,214, as shown on page 5 of these financial statements, less \$51,846 of donated services, plus donor designations of \$145,739 less related fees of \$1,083. The total supporting services on the Form 990 is total administration support services of \$396,122, as shown on page 6 of these financial statements, less \$51,432 of donated services.

NOTE 14 - FISCAL AGENT

In October 2007, the Organization became the fiscal agent for the Hall County Family Community Partnership. Their responsibility is to serve as fiscal agent to administer the Family Connection state grant from the Georgia Department of Human Resources.

	<u>2011</u>	<u>2010</u>
Grant amount	\$ 46,500	\$ 46,500
Beginning grant receivable	15,884	15,444
Expenditures	46,109	45,865
Reimbursements	<u>(47,182)</u>	<u>(45,425)</u>
Ending grant receivable	<u>\$ 14,811</u>	<u>\$ 15,884</u>

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 18, 2011, the date the financial statements were available to be issued.

UNITED WAY OF HALL COUNTY, INC.
SCHEDULE OF REVENUE AND EXPENSES - HALL COUNTY UNITED WAY
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Unrestricted	Temp. Restricted	Total 2011	Total 2010
Public support, revenue, and reclassifications				
<i>Campaign revenues</i>				
Gross campaign revenue	\$ 1,932,851	\$ 3,000	\$ 1,935,851	\$ 1,949,362
Less donor designations to partner agencies	(134,365)	-	(134,365)	(92,695)
Less donor designations to other United Ways	(10,834)	-	(10,834)	(11,796)
Less allowance for uncollectible pledges	(145,223)	-	(145,223)	(186,863)
Total campaign revenue	1,642,429	3,000	1,645,429	1,658,008
Contributions	7,062	41,453	48,515	42,231
Designations from other united ways	19,866	-	19,866	13,474
Inkind contributions (services)	51,846	-	51,846	34,365
Investment income	18,099	-	18,099	32,620
Lumpkin County United Way administrative fee	2,400	-	2,400	4,800
Miscellaneous income	6,164	-	6,164	2,034
Service fee revenue	1,083	-	1,083	1,180
Net assets released from restriction	43,292	(43,292)	-	-
Total public support, revenue, and reclassifications	\$ 1,792,241	\$ 1,161	\$ 1,793,402	\$ 1,788,712
Expenses				
Salaries and benefits				
Salaries	195,473	-	195,473	252,776
Retirement plan contributions	2,015	-	2,015	7,325
Other employee benefits	17,708	-	17,708	22,302
Payroll taxes	15,459	-	15,459	19,362
Total salaries and benefits	230,655	-	230,655	301,765

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

UNITED WAY OF HALL COUNTY, INC.
SCHEDULE OF REVENUE AND EXPENSES - HALL COUNTY UNITED WAY
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Unrestricted	Temp. Restricted	Total 2011	Total 2010
Allocations to partner agencies	1,376,100	-	1,376,100	1,359,900
Less donor designations	(134,365)	-	(134,365)	(92,695)
Accounting services	42,576	-	42,576	29,643
Advertising	48,896	-	48,896	48,565
Community impact programs	24,639	-	24,639	33,288
Depreciation expense	20,692	-	20,692	21,805
Dues and Subscriptions	2,803	-	2,803	2,514
Facilities costs	14,546	-	14,546	13,913
Information technology	4,972	-	4,972	7,047
Insurance	6,231	-	6,231	8,020
Miscellaneous	3,977	-	3,977	1,371
Office expense	10,764	-	10,764	14,278
Professional services	35,856	-	35,856	46,500
Repairs and maintenance	3,426	-	3,426	3,631
Special events	14,533	-	14,533	28,066
Supplies	6,144	-	6,144	6,601
Telecommunications	12,678	-	12,678	12,823
Training and education	4,244	-	4,244	1,842
Travel	1,144	-	1,144	2,657
United Way dues	24,863	-	24,863	20,101
Total expenses	<u>1,755,374</u>	<u>-</u>	<u>1,755,374</u>	<u>1,871,635</u>
Increase (decrease) in Net Assets	36,867	1,161	38,028	(82,923)
Net Assets, beginning of year	<u>1,543,239</u>	<u>12,025</u>	<u>1,555,264</u>	<u>1,638,187</u>
Net Assets, end of year	<u>\$ 1,580,106</u>	<u>\$ 13,186</u>	<u>\$ 1,593,292</u>	<u>\$ 1,555,264</u>

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

UNITED WAY OF HALL COUNTY, INC.
SCHEDULE OF REVENUE AND EXPENSES - LUMPKIN COUNTY UNITED WAY
Year Ended April 30, 2011
(With Comparative Totals for the Year Ended April 30, 2010)

	Unrestricted	Temp. Restricted	Total 2011	Total 2010
Public support, revenue, and reclassifications				
<i>Campaign revenues</i>				
Gross campaign revenue	\$ 56,802	\$ -	\$ 56,802	\$ 84,102
Less donor designations to partner agencies	(540)	-	(540)	(1,428)
Less allowance for uncollectible pledges	(1,565)	-	(1,565)	(4,026)
Total campaign revenue	54,697	-	54,697	78,648
Contributions	4,275	-	4,275	30,920
Designations form other united ways	2,178	-	2,178	-
Miscellaneous income	6,062	-	6,062	2,189
Total public support, revenue, and reclassifications	\$ 67,212	\$ -	\$ 67,212	\$ 111,757
Expenses				
Salaries and benefits				
Salaries	9,042	-	9,042	9,450
Payroll taxes	692	-	692	723
Total salaries and benefits	9,734	-	9,734	10,173
Allocations to partner agencies	69,900	-	69,900	80,000
Less donor designations	(540)	-	(540)	(1,428)
Administrative fee	2,400	-	2,400	4,800
Advertising	363	-	363	1,268
Dues and Subscriptions	-	-	-	226
Facilities costs	64	-	64	-
Office expense	674	-	674	742
Special events	4,172	-	4,172	744
Telecommunications	1,164	-	1,164	1,242
Training and education	(118)	-	(118)	-
Travel	408	-	408	434
United Way dues	1,072	-	1,072	894
Total expenses	89,293	-	89,293	99,095
Increase (decrease) in Net Assets	(22,081)	-	(22,081)	12,662
Net Assets, beginning of year	26,806	-	26,806	14,144
Net Assets, end of year	\$ 4,725	\$ -	\$ 4,725	\$ 26,806

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