

UNITED WAY OF NORTH
CENTRAL FLORIDA, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS'
REPORT

JUNE 30, 2009 AND 2008

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Independent Auditors' Report

Board of Directors
United Way of North Central Florida, Inc.
Gainesville, Florida

We have audited the accompanying statements of financial position of the United Way of North Central Florida, Inc. ("United Way") 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 United Way'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 at 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.

November 17, 2009
Gainesville, Florida

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Statements of Financial Position
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2009	2008
<u>ASSETS</u>		
Cash	\$ 351,077	\$ 291,115
Investments	843,395	1,422,099
Unconditional Promises to Give:		
Fall 2007 Campaign (Less Allowance for Uncollectible Pledges of \$171,000)	-	1,613,443
Fall 2008 Campaign (Net of Allowance for Uncollected Pledges of \$190,700 and \$300)	1,486,296	6,812
Fall 2009 Campaign	5,126	-
Other Receivables	4,877	10,000
Other Assets	15,292	181,057
Land, Building and Equipment	429,288	450,778
TOTAL ASSETS	\$ 3,135,351	\$ 3,975,304
<u>LIABILITIES</u>		
Accounts Payable	\$ 12,967	\$ 17,800
Accrued Compensated Absences	27,811	26,945
Deferred Compensation	2,250	-
Allocations Payable to United Way Agencies	-	996,988
Donor Choice Payable (Less Allowance for Uncollectible Pledges of \$55,000 and \$37,300)	637,515	664,216
Lease Payable	18,133	21,282
TOTAL LIABILITIES	698,676	1,727,231
<u>NET ASSETS</u>		
Unrestricted	2,337,618	2,129,415
Temporarily Restricted	46,274	65,875
Permanently Restricted	52,783	52,783
TOTAL NET ASSETS	2,436,675	2,248,073
TOTAL LIABILITIES AND NET ASSETS	\$ 3,135,351	\$ 3,975,304

See accompanying notes.

Statements of Activities
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>SUPPORT AND REVENUES</u>				
Campaign Contributions	\$ 2,032,554	\$ 46,274	\$ -	\$ 2,078,828
Net Asset Reclassification:				
2008 Campaign Pledges	65,875	(65,875)	-	-
Sponsorships	31,600	-	-	31,600
Transfer Fees	108,615	-	-	108,615
Investment Income (Loss)	(141,124)	-	-	(141,124)
Other	7,238	-	-	7,238
TOTAL SUPPORT AND REVENUES	2,104,758	(19,601)	-	2,085,157
<u>EXPENSES</u>				
Program Services:				
Community Impact	464,531	-	-	464,531
Success By 6	642,493	-	-	642,493
2-1-1	167,299	-	-	167,299
Supporting Services:				
Fundraising	363,577	-	-	363,577
Management and General	212,625	-	-	212,625
Payments to Affiliated Organizations	46,030	-	-	46,030
TOTAL EXPENSES	1,896,555	-	-	1,896,555
CHANGE IN NET ASSETS	208,203	(19,601)	-	188,602
NET ASSETS, BEGINNING OF PERIOD	2,129,415	65,875	52,783	2,248,073
NET ASSETS, END OF PERIOD	\$ 2,337,618	\$ 46,274	\$ 52,783	\$ 2,436,675

See accompanying notes.

Statements of Activities
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>SUPPORT AND REVENUES</u>				
Campaign Contributions	\$ 2,157,757	\$ 65,875	\$ -	\$ 2,223,632
Net Asset Reclassification:				
2007 Campaign Pledges	68,048	(68,048)	-	-
Sponsorships	39,835	-	-	39,835
Transfer Fees	78,488	-	-	78,488
Investment Income (Loss)	(25,630)	-	-	(25,630)
Other	52,682	-	-	52,682
TOTAL SUPPORT AND REVENUES	2,371,180	(2,173)	-	2,369,007
<u>EXPENSES</u>				
Program Services:				
Community Impact	1,291,876	-	-	1,291,876
Success By 6	557,538	-	-	557,538
2-1-1	152,556	-	-	152,556
Supporting Services:				
Fundraising	424,577	-	-	424,577
Management and General	291,313	-	-	291,313
Payments to Affiliated Organizations	43,217	-	-	43,217
TOTAL EXPENSES	2,761,077	-	-	2,761,077
CHANGE IN NET ASSETS	(389,897)	(2,173)	-	(392,070)
NET ASSETS, BEGINNING OF PERIOD	2,519,312	68,048	52,783	2,640,143
NET ASSETS, END OF PERIOD	\$ 2,129,415	\$ 65,875	\$ 52,783	\$ 2,248,073

See accompanying notes.

Statements of Functional Expenses
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2009								
	Program Services				Supporting Services				
	Community Impact	Success By 6	2-1-1	Total	Fund- Raising	Management and General	Payments to Affiliates	Total	Total Expense
FUNCTIONAL EXPENSES									
Salaries	\$ 212,274	\$ 39,798	\$ 92,822	\$ 344,894	\$ 183,769	\$ 132,601	\$ -	\$ 316,370	\$ 661,264
Health and Retirement	27,346	5,127	13,365	45,838	23,675	17,082	-	40,757	86,595
Payroll Taxes	15,931	2,987	6,939	25,857	13,791	9,952	-	23,743	49,600
Contract Labor	-	-	-	-	19,460	-	-	19,460	19,460
Insurance and Professional Fees	21,181	3,971	11,189	36,341	18,337	13,231	-	31,568	67,909
Supplies	3,484	653	843	4,980	3,016	2,176	-	5,192	10,172
Telephone	5,230	981	12,831	19,042	4,528	3,267	-	7,795	26,837
Postage	2,132	400	933	3,465	1,846	1,332	-	3,178	6,643
Occupancy	5,575	1,045	11,824	18,444	4,827	3,482	-	8,309	26,753
Printing and Materials	3,414	4,224	5,625	13,263	56,203	6,324	-	62,527	75,790
Transportation	4,404	826	581	5,811	3,811	2,751	-	6,562	12,373
Conferences and Conventions	4,168	781	1,915	6,864	3,609	2,604	-	6,213	13,077
Equipment and Maintenance	8,684	1,628	3,928	14,240	7,518	5,425	-	12,943	27,183
Other Building Expense	1,543	289	-	1,832	1,336	964	-	2,300	4,132
Allocations to Agencies	118,643	-	-	118,643	-	-	-	-	118,643
Success by Six	-	577,852	-	577,852	-	-	-	-	577,852
Other Program Expense	20,223	-	-	20,223	-	-	-	-	20,223
Special Events	-	-	-	-	5,788	-	-	5,788	5,788
Awards	-	-	-	-	3,147	-	-	3,147	3,147
Executive Search	-	-	-	-	-	5,000	-	5,000	5,000
Payments to National Affiliate & :	-	-	-	-	-	-	38,249	38,249	38,249
Payments to State Affiliate	-	-	-	-	-	-	7,781	7,781	7,781
Depreciation	10,299	1,931	4,504	16,734	8,916	6,434	-	15,350	32,084
TOTAL FUNCTIONAL EXPENSES	\$ 464,531	\$ 642,493	\$ 167,299	\$ 1,274,323	\$ 363,577	\$ 212,625	\$ 46,030	\$ 622,232	\$1,896,555

See accompanying notes.

Statements of Functional Expenses
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2008								
	Program Services				Supporting Services				
	Community Impact	Success By 6	2-1-1	Total	Fund- Raising	Management and General	Payments to Affiliates	Total	Total Expense
FUNCTIONAL EXPENSES									
Salaries	\$ 125,892	\$ 67,873	\$ 88,319	\$ 282,084	\$ 189,777	\$ 173,640	\$ -	\$ 363,417	\$ 645,501
Health and Retirement	15,628	8,426	12,103	36,157	23,559	21,556	-	45,115	81,272
Payroll Taxes	9,514	5,129	6,979	21,622	14,342	13,121	-	27,463	49,085
Contract Labor	305	-	-	305	21,490	-	-	21,490	21,795
Insurance and Professional Fees	13,433	7,242	7,213	27,888	20,250	18,528	-	38,778	66,666
Supplies	2,998	1,616	436	5,050	4,519	4,135	-	8,654	13,704
Telephone	4,299	2,318	14,475	21,092	6,481	5,928	-	12,409	33,501
Postage	1,572	848	721	3,141	2,371	2,167	-	4,538	7,679
Occupancy	3,538	1,907	9,205	14,650	5,333	4,880	-	10,213	24,863
Printing and Materials	3,835	4,745	1,933	10,513	63,132	7,103	-	70,235	80,748
Transportation	3,179	1,714	828	5,721	4,792	4,384	-	9,176	14,897
Conferences and Conventions	5,970	3,219	2,066	11,255	9,000	8,233	-	17,233	28,488
Equipment and Maintenance	3,017	1,626	4,263	8,906	4,548	4,161	-	8,709	17,615
Other Building Expense	958	516	-	1,474	1,444	1,321	-	2,765	4,239
Allocations to Agencies	1,087,623	-	-	1,087,623	-	-	-	-	1,087,623
Success by 6 Grants	-	447,273	-	447,273	-	-	-	-	447,273
Other Program Expense	4,392	-	-	4,392	-	-	-	-	4,392
Bad Debt Expense	-	-	-	-	-	97	-	97	97
Special Events	-	-	-	-	39,866	-	-	39,866	39,866
Awards	-	-	-	-	5,045	-	-	5,045	5,045
Strategic Planning	-	-	-	-	-	14,165	-	14,165	14,165
National Affiliate	-	-	-	-	-	-	36,014	36,014	36,014
State Affiliate	-	-	-	-	-	-	7,203	7,203	7,203
Depreciation	5,723	3,086	4,015	12,824	8,628	7,894	-	16,522	29,346
TOTAL FUNCTIONAL EXPENSES	\$ 1,291,876	\$ 557,538	\$ 152,556	\$ 2,001,970	\$ 424,577	\$ 291,313	\$ 43,217	\$ 759,107	\$ 2,761,077

See accompanying notes.

Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2009	2008
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Contributions From All Sources	\$ 3,653,736	\$ 3,937,762
Interest and Dividend Revenues	44,568	78,369
Other Revenues	120,976	118,957
Payments on Allocations to Agencies	(1,161,661)	(1,130,794)
Payments from Donor Choice Contributions	(1,441,176)	(1,577,629)
Compensation and Related Expenses	(794,343)	(933,055)
Vendors and Suppliers	(739,349)	(988,221)
Cash Paid for Interest	(2,058)	-
	(319,307)	(494,611)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Furniture and Equipment	(10,594)	(10,963)
Sale of Equipment	-	5,000
Purchases of Investments	(572,098)	(850,126)
Sales/Redemptions of Investments	965,110	1,018,396
	382,418	162,307
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Capital Lease	(3,149)	(1,258)
	59,962	(333,562)
CASH, BEGINNING OF PERIOD	291,115	624,677
CASH, END OF PERIOD	\$ 351,077	\$ 291,115

See accompanying notes.

Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

	2009	2008
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH</u>		
<u>USED BY OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 188,602	\$ (392,070)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation	32,084	29,346
Loss (Gain) on Disposal of Equipment	-	(3,915)
Net Depreciation (Appreciation) in Fair Value of Investments	185,692	103,999
Change In:		
Unconditional Promises to Give	128,833	(82,867)
Other Receivables	5,123	(8,298)
Inventory	13,705	-
Prepaid Expenses	152,060	(164,329)
Accounts Payable	(4,833)	1,141
Accrued Compensated Absences	866	46
Deferred Compensation	2,250	-
Allocations Payable	(996,988)	(157,197)
Donor Choice Payable	(26,701)	179,533
	\$ (319,307)	\$ (494,611)
NET CASH USED BY OPERATING ACTIVITIES	\$ (319,307)	\$ (494,611)
SUPPLEMENTAL DISCLOSURE:		
Noncash Investing and Financing Activities:		
Equipment Acquired on Capital Lease	\$ -	\$ 22,540

See accompanying notes.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of North Central Florida, Inc. (“United Way”) is a Florida nonprofit corporation organized for the purpose of advancing the common good by focusing on education, income, and health. United Way leads the community to focus on issues and build solutions through giving, advocating, and volunteering.

Basis of Presentation

The financial statements of United Way have been prepared on the accrual basis of accounting.

Cash

For purposes of the statement of cash flows, United Way considers all cash and money market accounts to be cash equivalents. Donations from the combined federal campaign were deposited into a separate checking account as required by law.

Investments

United Way carries investments in mutual funds at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received. All amounts are expected to be received within the next year. Conditional promises to give, if any, are recognized when the conditions on which they depend are substantially met.

Allowance for Uncollectible Promises to Give

After each campaign, the Board establishes an allowance for uncollectible promises to give. The allowance is an estimate based on historical averages and past collection percentages, and is intended to cover promises to give that will prove to be uncollectible.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated items, at fair value on the date received. United Way capitalizes all fixed assets with a cost or fair value of greater than \$500 and an estimated useful life greater than one year. Depreciation is provided using the straight-line method over the anticipated useful lives of the assets, which range from three to thirty-nine years.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donor Choice Payable

United Way offers contributors the opportunity to designate their contributions to specific agencies. Contributions over which United Way has little or no discretion in determining how funds are to be used are considered an agency relationship and, therefore, not recorded as a contribution when received or allocation when disbursed. These amounts are recorded as a payable when the promise is made, net of an estimate of amounts that will not be collected.

Accounting for Net Assets

Net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which do not expire by passage of time.

Temporarily Restricted – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the United Way.

Unrestricted – Those net assets that are neither permanently or temporarily restricted.

United Way reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a donor 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.

Designation of Unrestricted Net Assets

It is the policy of United Way's Board of Directors to review its plans for future property improvements and special projects from time to time and to designate sums of unrestricted net assets to assure adequate financing of such improvements and projects.

Contributions

United Way records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of donor restrictions.

Expense Allocation

Expenses are summarized on a functional basis. Salaries and related expenses are distributed based on the estimated portion of time spent for each function. Direct costs are charged to the function to which they relate. All other expenses are allocated among program and supporting service classifications on the same basis as staff time. The following is a summary description of United Way's functional expense categories:

Community Impact – Those costs associated with agency review and allocations.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Success by 6™ – Those costs associated with the Success by 6 (SB6) program. This program raises awareness of the importance of early childhood development, improves access to services, and offers grants to improve young children’s lives.

2-1-1 – Those costs associated with the operation of the 2-1-1 information and referral service, and the maintenance and publication of a human services directory.

Fundraising – Those costs associated with all fundraising, including the annual campaign and grant writing.

Management and General – Those costs associated with administration of United Way, including accounting, personnel, staff supervision, and board operations.

Income Taxes

United Way is currently exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision has been made for income tax liabilities or expense.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to support United Way’s campaign and allocation processes. The value of this time is not recorded in the accompanying financial statements since it does not meet the criteria for recognition under generally accepted accounting principles.

Credit Risk Concentration

The unconditional promises to give amount is composed of corporate and individual pledges from residents of North Central Florida and the surrounding communities. Unconditional promises to give are unsecured. Promises to give are billed by United Way or directly deducted from employees’ paychecks by employers, who in turn remit them to United Way. The probability of the promises to give being honored is significantly influenced by the general economic conditions of the area.

Accounting 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, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consist of the following at June 30:

	<u>2009</u>		<u>2008</u>	
	Cash		Cash	
	<u>Equivalents</u>	<u>Investments</u>	<u>Equivalents</u>	<u>Investments</u>
Petty Cash	\$ 75	\$ -	\$ 75	\$ -
Interest-Bearing Checking Accounts	276,866	-	217,911	-
Money Market Account	74,136	-	73,129	-
Certificates of Deposit	-	373,574	-	778,027
Mutual Fund	-	469,821	-	644,072
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Cash and Investments	<u>\$ 351,077</u>	<u>\$ 843,395</u>	<u>\$ 291,115</u>	<u>\$1,422,099</u>

Components of investment income for the year ended June 30:

	<u>2009</u>	<u>2008</u>
Earnings on Investments:		
Interest and Dividends	\$ 39,990	\$ 57,727
Net Appreciation (Depreciation) in Fair Value	<u>(185,692)</u>	<u>(103,999)</u>
Total Earnings (Loss) on Investments	(145,702)	(46,272)
Interest on Cash	<u>4,578</u>	<u>20,642</u>
Total Investment Income (Loss)	<u>\$ (141,124)</u>	<u>\$ (25,630)</u>

NOTE 3 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 136,000	\$ 136,000
Building	332,849	332,849
Office Furniture and Equipment	271,482	259,043
Accumulated Depreciation	<u>(311,043)</u>	<u>(277,114)</u>
Total	<u>\$ 429,288</u>	<u>\$ 450,778</u>

Depreciation expense totaled \$32,084 and \$29,346 for the years ended June 30, 2009 and 2008, respectively.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 4 – DEFERRED COMPENSATION

United Way entered into an employment contract with an employee on February 17, 2009. The contract contains a one-time bonus payment of \$30,000, if the employee continues to be employed by United Way on February 16, 2014, a period of five years. The liability is being accrued on an annual basis over the five-year period of employment.

NOTE 5 – LONG-TERM OBLIGATION

United Way purchased telephone equipment under a capital lease expiring in 2013. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments. The assets are amortized over the related lease term. Amortization of assets under capital leases is included in depreciation expense for 2009.

The following is a summary of telephone equipment held under capital lease:

Telephone Equipment	\$ 29,740
Less: Accumulated Depreciation	<u>(7,435)</u>
Total	<u><u>\$ 22,305</u></u>

Minimum future lease payments under the capital lease as of June 30, 2008 are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2010	\$ 5,786
2011	5,786
2012	5,786
2013	<u>4,340</u>
Total Minimum Lease Payments	21,698
Less: Amount Representing Interest	<u>(3,565)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 18,133</u></u>

In addition to the capital lease commitment described above, United Way has a maintenance and support agreement with the leasing company that requires equal monthly payments of \$376, or \$4,512 per year, to be paid through April 2013. Amounts incurred under this agreement during the years ended June 30, 2009 and 2008 totaled \$4,512 and \$1,128, respectively.

Notes to Financial Statements
June 30, 2009 and 2008
United Way of North Central Florida, Inc.
Gainesville, Florida

NOTE 6 – NET ASSETS

The following is a summary of net assets at June 30:

	2009	2008
Unrestricted Net Assets:		
Net Investment in Property and Equipment	\$ 429,288	\$ 450,778
Designated for Building Fund	10,000	10,000
Designated for Emergency/Disaster Fund	85,000	78,000
Designated for Catalyst Fund	50,000	14,139
Designated for Repairs and Maintenance	25,000	25,000
Designated for 2009-2010 Community Investment	932,364	-
Community Impact Fund	55,966	250,000
Operating Reserve	750,000	700,000
Undesignated	-	601,498
Total Unrestricted Net Assets	2,337,618	2,129,415
Temporarily Restricted Net Assets:		
Future Year Campaign	29,704	48,545
Publix Employees Assistance Fund	16,570	17,330
Total Temporarily Restricted Net Assets	46,274	65,875
Permanently Restricted Net Assets	52,783	52,783
Total Net Assets	\$2,436,675	\$2,248,073

Temporarily Restricted Net Assets

Early contributions to the fall campaign are temporarily restricted since these funds are used to support the allocations made in and the operating expenses of the subsequent year.

Publix Supermarkets specifies that 10 percent of their corporate contribution be available to meet emergency needs of Publix employees as determined by the United Way. If the funds are not needed the restriction lapses at the end of the year.

Permanently Restricted Net Assets

United Way created an endowment fund to provide donors gift planning opportunities that will add stability to the annual campaign, ensure resources for long-term growth and increase the ability to meet changing community needs. The endowment fund comprises donor-restricted contributions designed to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowments 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.

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NOTE 6 – NET ASSETS

The Board of Directors of United Way has interpreted the Florida Uniform Management of Institutional Funds Act 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, United Way 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.

Appropriation of Endowment Assets

United Way considers the following factors in deciding to appropriate the donor-restricted endowment fund:

- 1) The duration and preservation of the fund
- 2) The purposes of United Way 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

Expenditures of endowment assets are made in conjunction with the intent of the original donor instrument.

Return Objectives and Risk Parameters

The primary investment objective for United Way's endowment is the preservation of capital. The assets are invested for the long term, and United Way's long-term goal is to preserve the endowment. The organization defines risk as the risk of principal loss. United Way rates its own risk tolerance as moderate and recognizes that higher returns involve some volatility and has indicated a willingness to tolerate declines in value in any given year. The endowment will be managed in a manner that seeks to minimize principal fluctuations over the established horizon and is consistent with the stated objectives.

Deficiencies in the Fund

From time to time the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. At June 30, 2009, there was no deficiency in the endowment fund.

Change in Endowment Net Assets

For the year ended June 30, 2009, there was no activity in the endowment fund.

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NOTE 7 – RETIREMENT PLAN

United Way contributes to a Simplified Employee Pension Plan (SEP), which covers all full-time employees that have completed at least one year of service. United Way contributes 6% of the gross salary of all eligible employees to the SEP plan on a monthly basis. Employees are vested after one year. Retirement expenses for the years ended June 30, 2009 and 2008 were \$33,695 and \$27,528 respectively.

NOTE 8 – FAIR VALUE MEASUREMENTS

United Way has adopted the provisions of SFAS No. 157, entitled *Fair Value Measurements*. Using the provisions within SFAS No. 157, United Way has characterized its investment in a mutual fund based on the priority of the inputs used to value the instruments in a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial instruments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 These are instruments where values are based on unadjusted quoted prices for identical assets in an active market that United Way has the ability to access.

Level 2 These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Level 3 These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments.

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

	Assets at Fair Value as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 469,821	\$ -	\$ -	\$ 469,821

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NOTE 9 – SUPPORT

United Way conducts its annual fundraising campaign in the fall of each year. The campaign ends by February 28 of the following year. The following represents the results for the campaigns:

	2008 Campaign		
	<u>Undesignated</u>	<u>Donor Choice</u>	<u>Total</u>
Combined Federal Campaign	\$ 4,174	\$ 149,018	\$ 153,192
Florida State Employees' Charitable Campaign	41,554	118,232	159,786
University of Florida Community Campaign	558,802	498,672	1,057,474
United Way Campaign	1,775,576	537,128	2,312,704
Total Campaign Pledges	2,380,106	1,303,050	3,683,156
Allowance for Uncollectible Contributions	(135,370)	(55,330)	(190,700)
Donor Choice Fees	-	(108,615)	(108,615)
Net Contributions	<u>\$ 2,244,736</u>	<u>\$ 1,139,105</u>	<u>\$ 3,383,841</u>

	2007 Campaign		
	<u>Undesignated</u>	<u>Donor Choice</u>	<u>Total</u>
Combined Federal Campaign	\$ 3,267	\$ 116,075	\$ 119,342
Florida State Employees' Charitable Campaign	49,204	114,389	163,593
University of Florida Community Campaign	412,107	755,979	1,168,086
United Way Campaign	2,191,958	392,970	2,584,928
Total Campaign Pledges	2,656,536	1,379,413	4,035,949
Allowance for Uncollectible Contributions	(123,000)	(48,000)	(171,000)
Donor Choice Fees	-	(78,488)	(78,488)
Net Contributions	<u>\$ 2,533,536</u>	<u>\$ 1,252,925</u>	<u>\$ 3,786,461</u>

The net Donor Choice amounts are a liability to the designated agencies. Donor choice fees are deducted from pledges to help pay a proportionate share of United Way's fundraising and management and general costs.

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NOTE 10 – COMMUNITY INVESTMENT

United Way invests in strategies and programs by a process using more than 63 volunteers from 29 different organizations who spend more than 1,500 hours evaluating proposals submitted by agencies. United Way's goal is to create community impact by investing in focused strategies and high performance programs that achieve results with large at-risk populations.

Change in Policy for Agency Allocations

In prior years, United Way made a distinction between SB6 allocations and other partner agency allocations. Contracts with SB6 grantees required certain deliverables. They were reviewed on a quarterly basis and by committee it was determined if they were entitled to future payments. Funds not spent on their intended programs were to be returned to United Way per the contract. These allocations were paid and expensed when they met the requirements of the contract. The other partner agencies received funds unconditionally and the liability and expense were recorded when the allocations were approved by the Board of Directors.

In 2009, the distinction between SB6 grants and other partner agency allocations was eliminated. All agencies receiving allocations have the same contract with requirements for deliverables and will be reviewed on a semi-annual basis. The possibility of the agencies not receiving the allocations is considered remote. However, all allocations payments for June 30, 2009 were recorded as expense when paid and this will be the treatment going forward for 2009-2010.

The community investment allocations from the fall campaign are determined by June each year. The allocations are paid monthly from July to June of the next fiscal year. Donor choice contributions from the fall campaign are paid in the next calendar year. The following itemizes the community investment allocations and donor designations made to agencies and participating groups for the years ended June 30, 2009 and 2008.

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NOTE 10 – COMMUNITY INVESTMENT

	2008 Campaign		
	Community <u>Investment</u>	<u>Donor Choice</u>	<u>Total</u>
United Way Community Investment Agencies:			
Alachua County Organization for Rural Needs (ACORN) Clinic	\$ 46,770	\$ 55,254	\$ 102,024
Big Brothers/Big Sisters	14,500	9,158	23,658
Boys and Girls Club of Alachua	130,000	25,544	155,544
Catholic Charities Bureau, Inc.	72,200	39,764	111,964
CDS Family & Behavioral Health Services	93,672	9,547	103,219
Child Advocacy Center	37,311	3,922	41,233
Children's Home Society	17,000	13,478	30,478
Early Learning Coalition of Alachua County	45,000	16,460	61,460
Elder Care of Alachua County	93,180	39,658	132,838
Girls Place	12,660	14,903	27,563
Peaceful Paths	80,313	36,729	117,042
Saint Francis House	40,548	69,132	109,680
	<u>683,154</u>	<u>333,549</u>	<u>1,016,703</u>
Total United Way Community Investment Agencies	683,154	333,549	1,016,703
SB6 Allocations	367,852	-	367,852
Other Agencies	-	1,107,627	1,107,627
	<u>\$ 1,051,006</u>	<u>\$ 1,441,176</u>	<u>\$ 2,492,182</u>

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NOTE 10 – COMMUNITY INVESTMENT

	2007 Campaign		
	Community <u>Investment</u>	<u>Donor Choice</u>	<u>Total</u>
United Way Community Investment Agencies:			
Alachua County Organization for Rural Needs (ACORN) Clinic	\$ 50,000	\$ 72,283	\$ 122,283
American Red Cross, NCF Chapter	30,057	30,295	60,352
ARC of Alachua County	10,000	15,747	25,747
Big Brothers/Big Sisters	57,660	16,957	74,617
Boys and Girls Club of Alachua	163,233	30,208	193,441
Catholic Charities Bureau, Inc.	62,500	49,210	111,710
Child Advocacy Center	53,000	25,685	78,685
Children’s Home Society	37,749	16,868	54,617
Early Learning Coalition of Alachua County	139,500	7,809	147,309
Elder Care of Alachua County	104,505	47,618	152,123
Family & Behavioral Health Services (CDS)	66,375	5,956	72,331
Gainesville Community Ministries	12,000	22,384	34,384
Girls Club of Alachua County	38,248	22,267	60,515
North Central Florida YMCA	94,936	5,371	100,307
Peaceful Paths	108,860	46,051	154,911
Saint Francis House	39,000	73,549	112,549
Vetspace	20,000	13,951	33,951
	<u>1,087,623</u>	<u>502,209</u>	<u>1,589,832</u>
Total United Way Community Investment Agencies	1,087,623	502,209	1,589,832
Other Agencies	<u>-</u>	<u>1,075,420</u>	<u>1,075,420</u>
	<u>\$ 1,087,623</u>	<u>\$ 1,577,629</u>	<u>\$ 2,665,252</u>

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NOTE 11 – CALCULATION OF OPERATING EXPENSE RATIO

Revenue and Donor Choice Pledges:	2009	2008
Campaign Results	\$ 3,492,456	\$ 3,864,959
Other Contributions	62,967	88,642
Investment Income (Loss)	(141,124)	(25,630)
Miscellaneous	7,238	52,683
Total Revenue and Donor Choice Pledges	<u>\$ 3,421,537</u>	<u>\$ 3,980,654</u>
Supporting Services:		
Fund-raising	\$ 363,577	\$ 424,577
Management and General	212,625	291,313
Payments to Affiliates	46,030	43,217
Total Supporting Services	<u>\$ 622,232</u>	<u>\$ 759,107</u>
Operating Expense Ratio	<u>18.2%</u>	<u>19.1%</u>

The operating expense ratio computation is in compliance with standards established by the Functional Expense and Overhead Reporting Guidelines for United Ways, revised April 1997.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, United Way has evaluated events and transactions for potential recognition or disclosure through November 17, 2009, the date the financial statements were available to be issued.