

TWIN COUNTY UNITED WAY, INC.

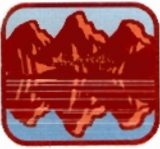
FINANCIAL STATEMENTS

Five Months Ended June 30, 2007

TWIN COUNTY UNITED WAY, INC.

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Cash Flows | 5 |
| Statement of General and Administrative Expenses | 6 |
| Notes to Financial Statements | 7 |



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Independent Auditor's Report

Board of Directors
Twin County United Way, Inc.
Lewiston, Idaho

We have audited the accompanying statement of financial position of Twin County United Way, Inc., (a nonprofit organization) as of the five months ended June 30, 2007, and the related statements of activities, cash flows, and general and administrative expenses for the period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin County United Way, Inc., as of June 30, 2007, and the changes in its net assets and its cash flows for the period then ended in conformity with United States generally accepted accounting principles.

Presnell Gage PLLC

January 6, 2009

TWIN COUNTY UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

CURRENT ASSETS

| | |
|---|----------------|
| Cash and cash equivalents | \$ 136,166 |
| Short-term investments | 77,213 |
| Pledge receivables (less allowance for uncollectible) | 271,085 |
| Other receivables | 9,427 |
| Prepaid expenses | 3,252 |
| Total current assets | <u>497,143</u> |

LONG-TERM INVESTMENTS

200,000

ENDOWMENT FUNDS

26,777

**PROPERTY AND EQUIPMENT, net of
accumulated depreciation of \$25,544**

44,335

TOTAL ASSETS

\$ 768,255

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|--------------------------------------|---------------|
| Allocations and designations payable | \$ 75,149 |
| Accounts payable | 2,536 |
| Accrued expenses | 2,864 |
| Lease payable, current portion | 530 |
| Funds held in trust | 17,978 |
| Total current liabilities | <u>99,057</u> |

NET ASSETS

| | |
|------------------------|----------------|
| Unrestricted | 156,296 |
| Temporarily restricted | 486,125 |
| Permanently restricted | 26,777 |
| Total net assets | <u>669,198</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 768,255

See accompanying notes

TWIN COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES
Five Months Ended June 30, 2007

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|--------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Gross campaign results | \$ 2,751 | \$ 29,062 | | \$ 31,813 |
| Less amounts designated by donors for specific organizations | (2,517) | | | (2,517) |
| Less pledge loss | (8,961) | | | (8,961) |
| Net campaign results | (8,727) | 29,062 | | 20,335 |
| Special events, net of expenses | 5,237 | | | 5,237 |
| Interest and dividend revenues | 5,690 | | \$ 130 | 5,820 |
| Unrealized gain on investments | | | 934 | 934 |
| Miscellaneous revenues | 1,264 | | | 1,264 |
| Net assets released from restrictions: | | | | |
| Expiration of time restrictions | 205,371 | (205,371) | | 0 |
| Total public support and revenue | 208,835 | (176,309) | 1,064 | 33,590 |
| EXPENSES | | | | |
| Program Services: | | | | |
| Funds allocated to agencies | | | | |
| Aging and Long-Term Care | 2,090 | | | 2,090 |
| Area Agency on Aging | 8,106 | | | 8,106 |
| Asotin County Food Bank | 6,703 | | | 6,703 |
| Boy Scouts of America, Inland Northwest Council | 11,430 | | | 11,430 |
| Boys & Girls Club of the Lewis Clark Valley | 57,825 | | | 57,825 |
| Community Action Food Bank | 4,608 | | | 4,608 |
| Families Together | 4,248 | | | 4,248 |
| Girl Scouts, Inland Empire Council | 3,785 | | | 3,785 |
| Idaho Legal Aid Service, Inc. | 12,416 | | | 12,416 |
| WA-ID Volunteer Center, Inc. | 3,612 | | | 3,612 |
| Interlink Volunteers | 8,855 | | | 8,855 |
| The Idaho Foodbank | 4,327 | | | 4,327 |
| Second Judicial District CASA | 5,465 | | | 5,465 |
| Valley Meals on Wheels | 8,869 | | | 8,869 |
| Willow Center for Grieving Children | 7,662 | | | 7,662 |
| YWCA | 36,866 | | | 36,866 |
| Allocations to other community agencies | 9,252 | | | 9,252 |
| Allocations designated to non-United Way agencies | 2,517 | | | 2,517 |
| Less allocations funded through donor designations | (33,159) | | | (33,159) |
| Total program services | 165,477 | | | 165,477 |
| Expenses: | | | | |
| General and administrative expenses | 52,961 | | | 52,961 |
| United Way of America dues | 3,258 | | | 3,258 |
| Total expenses | 221,696 | 0 | 0 | 221,696 |
| CHANGE IN NET ASSETS | (12,861) | (176,309) | 1,064 | (188,106) |
| NET ASSETS AT JANUARY 31, 2007 | 169,157 | 662,434 | 25,713 | 857,304 |
| NET ASSETS AT JUNE 30, 2007 | \$ 156,296 | \$ 486,125 | \$ 26,777 | \$ 669,198 |

See accompanying notes

TWIN COUNTY UNITED WAY, INC.

STATEMENT OF CASH FLOWS
Five Months Ended June 30, 2007

| | |
|--|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (188,106) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Depreciation | 1,594 |
| Unrealized gain on investments | (934) |
| Changes in operating assets: | |
| Pledge receivables | 219 |
| Other receivables | (876) |
| Prepaid expenses | 185,640 |
| Changes in operating liabilities: | |
| Accounts payable | 455 |
| Accrued expenses | 373 |
| Funds held in trust | (889) |
| Allocations and designations payable | (30,643) |
| Net cash used by operating activities | <u>(33,167)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of long-term investments | <u>(130)</u> |
| Net cash used by investing activities | <u>(130)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Payment on lease payable | <u>(144)</u> |
| Net cash used by financing activities | <u>(144)</u> |
| Net change in cash and cash equivalents | (33,441) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>246,820</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 213,379</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | |
| Interest paid | <u>\$ 105</u> |

See accompanying notes

TWIN COUNTY UNITED WAY, INC.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
Five Months Ended June 30, 2007

| GENERAL AND ADMINISTRATIVE EXPENSES | |
|--|-------------------------|
| Staff salaries | \$ 32,228 |
| Payroll taxes | 2,920 |
| Employee benefits | 3,969 |
| Office supplies | 526 |
| Awards and loaned executive expenses | 283 |
| Telephone | 788 |
| Postage | 209 |
| Office rent and utilities | 1,055 |
| Insurance | 1,312 |
| Printing | 1,507 |
| Subscriptions and dues | 206 |
| Travel and meals | 535 |
| Conference fees/staff training | 50 |
| Equipment maintenance and repair | 3,046 |
| Board expense | 97 |
| Advertising expense | 1,467 |
| Miscellaneous | 1,169 |
| Total general and administrative expenses before depreciation | <u>51,367</u> |
| DEPRECIATION EXPENSE | <u>1,594</u> |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | <u><u>\$ 52,961</u></u> |

See accompanying notes

TWIN COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities. Twin County United Way, Inc., a nonprofit organization, was established to organize the counties of Asotin, Washington, and Nez Perce, Idaho, into one united and effective group for the purpose of raising funds by voluntary solicitation and contributions for nonprofit local, state, and national benevolent, charitable, health, and social welfare organizations and to distribute the funds raised periodically to participating organizations.

Effective April 19, 2007, the board elected to change the Organization's fiscal year-end from January 31 to June 30. The change in fiscal year-end was made to coincide with the campaign distribution cycle and should not have a material impact on income and expense when the full year is presented.

Basis of Accounting. The financial statements of Twin County United Way, Inc., have been prepared on the accrual basis of accounting, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation. The Organization has adopted Statement of Financial Accounting (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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. As permitted by the statement, the Organization does not use fund accounting.

Contributions. The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services. No amounts have been reflected in the financial statements for contributed services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments.

Investments. The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Furniture and Equipment. The Organization capitalizes all expenditures for property and equipment and all repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets.

Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from five to ten years. Depreciation is charged as an expense against the Organization's operations.

TWIN COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annual Campaign. Annual campaigns are conducted in the fall of each year to raise money for support for allocation to participating agencies in the subsequent fiscal years. All contributions are considered receivable within one year of the fiscal year-end. Campaign expenses for annual campaigns are deducted in the year incurred. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges are recorded on the statement of financial condition as receivables.

Cash and Cash Equivalents. For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use including short-term investments held in brokerage cash accounts with an initial maturity of three months or less to be cash equivalents.

Pledge Receivables. Contributions are recognized when the donor makes a pledge to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization records the pledge at the amount which approximates the fair value of the promises to give. The Organization uses the direct write-off method for uncollectible promises to give. Therefore, no allowance is recorded.

Income Taxes. Twin County United Way, Inc., is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation.

Estimates. Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

2. FINANCIAL INSTRUMENTS

Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivables. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and promises to give receivables. The Organization places its temporary cash investments with financial institutions and attempts to limit the amount of credit exposure to any one financial institution. Concentrations of credit risk, with respect to promises receivable, are limited due to the large number of contributions comprising the Organization's contributor base and their dispersion across different industries and geographic areas. As of June 30, 2007, the Organization had no significant concentrations of credit risk.

TWIN COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

2. FINANCIAL INSTRUMENTS (CONTINUED)

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits. The Organization maintains cash balances at several financial institutions located in Lewiston, Idaho, and Clarkston, Washington. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2007, the Organization's uninsured cash balances total \$61,740.

Restricted Cash. The Organization administers the Campaign for the Office of Personnel Management, also known as the Combined Federal Campaign (CFC). Therefore, the Organization acts as an agent for the Combined Federal Campaign. The CFC requires that the Organization retain separate bank accounts to administer their campaign. At June 30, 2007, the CFC cash accounts total \$17,978.

3. INVESTMENTS

Investments are stated at fair value and consist of certificates of deposits at June 30, 2007, as follows:

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Value</u> |
|---------------------------|----------------------|----------------------|-------------------|
| Certificate of Deposits: | | | |
| ANB Finl Natl Assn | 5.01% | 5/31/2011 | \$ 25,000 |
| NBT Bank & Trust Co. | 3.50% | 8/6/2007 | 25,000 |
| Everbank | 3.80% | 11/19/2008 | 50,000 |
| Discover Bank | 4.35% | 5/11/2009 | 50,000 |
| Irwin UN Bank & Trust Co. | 5.35% | 5/26/2010 | <u>50,000</u> |
| | | | 200,000 |
| Endowment - Mutual Funds | | | <u>26,777</u> |
| | | | <u>\$ 226,777</u> |

4. PROPERTY AND EQUIPMENT

Property and equipment and the related accumulated depreciation at June 30, 2007, are as follows:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|----------------------------|------------------|---------------------------------|-------------------|
| Land | \$ 13,330 | | \$ 13,330 |
| Buildings and improvements | 35,270 | \$ 4,756 | 30,514 |
| Furniture and equipment | <u>21,279</u> | <u>20,788</u> | <u>491</u> |
| | <u>\$ 69,879</u> | <u>\$ 25,544</u> | <u>\$ 44,335</u> |

Depreciation expense for the current period is \$1,594.

5. DEBT

At June 30, 2007, no notes payable or lines of credit existed for the Organization.

TWIN COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL LEASE

The Organization leases a postage machine and scale from Axis Capital, via Northwest Mailing, Inc., under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the postage machine through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The lease agreement contains a bargain purchase agreement at the end of the lease term. The gross amount of assets in the statement of financial position recorded under capital lease is \$2,329 and the accumulated amortization is \$2,075.

The future minimum payments required under the lease total \$530, which are to be paid by April 2008. Amortization of assets held under capital leases is included with depreciation expense.

7. PLEDGES DESIGNATED FOR FUTURE PERIODS

The Organization receives donor designated pledges, which the Organization pays out in future periods. To satisfy the donor designation payments totaling \$75,149 are required to be paid during the year ended June 30, 2008.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

| | |
|------------------------|-------------------|
| Special needs | \$ 7,800 |
| For subsequent periods | <u>478,325</u> |
| | <u>\$ 486,125</u> |

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an endowment fund which represents the principal amount of gifts and bequests accepted with donor stipulations that the principal be maintained intact in perpetuity. Only the income from investments thereof may be expended either for general purposes (unrestricted) or for purposes specified by the donor (temporarily restricted).

10. ACCRUED COMPENSATED ABSENCES

At June 30, 2007, no accrual has been made for compensated absences since the amount is not considered material.

11. PENSION PLAN

The Organization maintains a Simplified Employee Pension (SEP) plan for its employees. Employees are eligible to participate in the Plan after one year of service. The Organization contributes 4 percent of each eligible employee's salary to the Plan. The current year pension contribution was \$639.