



Independent Auditor's Report and  
Financial Statements  
**United Way of Yellowstone County**  
June 30, 2011 and 2010

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## INDEPENDENT AUDITOR'S REPORT

November 09, 2011

To the Board of Directors  
United Way of Yellowstone County  
Billings, Montana

We have audited the accompanying statements of financial position of United Way of Yellowstone County (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, changes in net assets, 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 Yellowstone County as of June 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.

Galusha Higgins & Galusha, PC  
Billings, Montana

# FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION For the Year Ended June 30,

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents (includes certificates of deposits of \$914,349 and \$803,152, respectively)	1,463,045	1,220,631
Receivables:		
Pledges, net of allowance for uncollectible pledges of \$42,000 and \$50,000, respectively.	487,552	490,668
CARE receivable	24,070	28,056
Grants receivable	47,729	41,071
Prepaid expenses	3,840	4,588
Total current assets	<u>2,026,236</u>	<u>1,785,014</u>
Investments	<u>1,237,438</u>	<u>1,174,466</u>
Furniture and Equipment	148,887	133,362
Less: accumulated depreciation	(104,953)	(91,712)
Net furniture and equipment	<u>43,934</u>	<u>41,650</u>
Other Assets	<u>19,594</u>	<u>14,324</u>
Total assets	<u><u>3,327,202</u></u>	<u><u>3,015,454</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	110,023	83,484
Allocations payable	11,667	0
Grants payable	21,634	31,197
Deferred revenue	56,619	40,541
Agency funds	316,579	301,022
Total current liabilities	<u>516,522</u>	<u>456,244</u>
Capital lease obligations	<u>13,500</u>	<u>2,461</u>
Total liabilities	<u>530,022</u>	<u>458,705</u>
Net Assets		
Unrestricted:		
Board designated	770,705	729,176
Undesignated	1,725,017	1,536,877
Permanently restricted	301,458	290,696
Total net assets	<u>2,797,180</u>	<u>2,556,749</u>
Total liabilities and net assets	<u><u>3,327,202</u></u>	<u><u>3,015,454</u></u>

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

# FINANCIAL STATEMENTS

## STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	1,438,201	0	1,438,201
Less - donor designations	(403,920)	0	(403,920)
Total Campaign results	<u>1,034,281</u>	<u>0</u>	<u>1,034,281</u>
Grants	278,499	0	278,499
Administration fees	67,770	0	67,770
CARE Academy income	413,115	0	413,115
Investment income (loss)	244,592	0	244,592
Endowment donations	0	10,762	10,762
Other	116,204	0	116,204
Total public support and revenue	<u>2,154,461</u>	<u>10,762</u>	<u>2,165,223</u>
Expenses:			
Program services:			
Community response	1,583,365	0	1,583,365
Supporting services:			
Fundraising	251,890	0	251,890
Management and general	44,742	0	44,742
Other campaign administration	44,795	0	44,795
Total expenses	<u>1,924,792</u>	<u>0</u>	<u>1,924,792</u>
Change in net assets	229,669	10,762	240,431
Net assets, beginning of year	<u>2,266,053</u>	<u>290,696</u>	<u>2,556,749</u>
Net assets, end of year	<u><u>2,495,722</u></u>	<u><u>301,458</u></u>	<u><u>2,797,180</u></u>

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

# FINANCIAL STATEMENTS

## STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:			
Campaign results:			
Campaign pledges for current year campaign	1,373,600	0	1,373,600
Less - donor designations	(363,576)	0	(363,576)
Total Campaign results	<u>1,010,024</u>	<u>0</u>	<u>1,010,024</u>
Grants	408,438	0	408,438
Administration fees	66,004	0	66,004
CARE Accademy income	337,106	0	337,106
Investment income (loss)	159,753	0	159,753
Endowment donations	0	14,150	14,150
Other	11,285	0	11,285
Total public support and revenue	<u>1,992,610</u>	<u>14,150</u>	<u>2,006,760</u>
Expenses:			
Program services:			
Community response	1,548,952	0	1,548,952
Supporting services:			
Fundraising	251,615	0	251,615
Management and general	36,758	0	36,758
Other campaign administration	43,325	0	43,325
Total expenses	<u>1,880,650</u>	<u>0</u>	<u>1,880,650</u>
Change in net assets	111,960	14,150	126,110
Net assets, beginning of year	<u>2,154,093</u>	<u>276,546</u>	<u>2,430,639</u>
Net assets, end of year	<u><u>2,266,053</u></u>	<u><u>290,696</u></u>	<u><u>2,556,749</u></u>

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

# FINANCIAL STATEMENTS

## STATEMENTS OF CHANGES IN NET ASSETS For the Years Ended June 30 2011 and 2010

	Designated			Undesignated	Total Unrestricted	Permanently Restricted	Total
	Endowment	General	Out of School				
Net Assets, July 1, 2009	153,982	569,565	0	1,430,546	2,154,093	276,546	2,430,639
Change in net assets	<u>5,629</u>	<u>0</u>		<u>106,331</u>	<u>111,960</u>	<u>14,150</u>	<u>126,110</u>
Net Assets, July 01, 2010	159,611	569,565	0	1,536,877	2,266,053	290,696	2,556,749
Board transfers	0	0	36,475	(36,475)	0	0	0
Change in net assets	<u>5,054</u>	<u>0</u>	<u>0</u>	<u>224,615</u>	<u>229,669</u>	<u>10,762</u>	<u>240,431</u>
Net Assets, June 30, 2011	<u><u>164,665</u></u>	<u><u>569,565</u></u>	<u><u>36,475</u></u>	<u><u>1,725,017</u></u>	<u><u>2,495,722</u></u>	<u><u>301,458</u></u>	<u><u>2,797,180</u></u>

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

# FINANCIAL STATEMENTS

## STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDED JUNE 30, 2011

	Community Response	Fundraising	Management & General	Other Campaign Administration	Total
Allocations	500,000	0	0	0	500,000
Bank service charges	0	2,531	0	0	2,531
Board expense	300	348	1,830	0	2,478
CARE expense	365,251	0	0	0	365,251
Communications	2,545	17,320	192	5,895	25,952
Disaster project	222	0	0	0	222
Drug free grant expense	105,033	0	0	0	105,033
Dues and subscriptions	608	1,710	192	0	2,510
EFSP expense	25,465	7	0	0	25,472
Early Childhood	6,704	0	0	0	6,704
Employee benefits	81,889	34,263	1,066	0	117,218
Fees	0	197	7,484	0	7,681
Impact building	31,783	0	0	0	31,783
Insurance	343	169	1,030	0	1,542
Investment fees	0	11,201	0	0	11,201
Janitorial	2,381	1,170	84	0	3,635
Legal and accounting	0	3,790	7,985	3,575	15,350
Maintenances	0	0	35	0	35
Meals and entertainment	68	403	14	0	485
Miscellaneous	0	0	15	0	15
Mileage	568	396	84	95	1,143
Parking	2,965	1,456	104	3	4,528
Payroll expenses	354,572	122,865	4,432	25,250	507,119
Postage	1,184	2,022	168	473	3,847
Rent	19,024	9,345	668	5,500	34,537
Repairs	6,689	5,011	334	2,776	14,810
Supplies	47,798	3,626	819	194	52,437
Telephone	4,087	1,432	99	154	5,772
Training and development	1,522	1,619	1,080	0	4,221
Uncollectible pledges	0	26,850	0	0	26,850
Utilities	4,248	2,087	149	0	6,484
UW of America dues	0	0	16,735	0	16,735
Youth volunteer corps	7,205	0	0	0	7,205
	<u>1,572,454</u>	<u>249,818</u>	<u>44,599</u>	<u>43,915</u>	<u>1,910,786</u>
Depreciation	<u>10,911</u>	<u>2,072</u>	<u>143</u>	<u>880</u>	<u>14,006</u>
	<u><u>1,583,365</u></u>	<u><u>251,890</u></u>	<u><u>44,742</u></u>	<u><u>44,795</u></u>	<u><u>1,924,792</u></u>

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



# FINANCIAL STATEMENTS

## STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDED JUNE 30, 2010

	Community Response	Fundraising	Management & General	Other Campaign Administration	Total
Allocations	499,963	0	0	0	499,963
Bank service charges	12	0	2,220	0	2,232
Board expense	120	1,375	1,228	0	2,723
CARE expense	300,630	0	0	0	300,630
Communications	5,704	12,624	19	5,539	23,886
CSAP subcontract	29,820	0	0	0	29,820
Disaster project	5,839	0	0	0	5,839
Drug free grant expense	87,825	0	0	0	87,825
Dues and subscriptions	450	1,483	0	0	1,933
EFSP expense	85,013	0	0	0	85,013
Employee benefits	84,587	38,128	2,037	0	124,752
Fees	43	131	780	0	954
IBM grant computer training	1,568	0	0	0	1,568
Impact building	10,009	600	12	0	10,621
Insurance	328	161	11	0	500
Investment fees	0	10,082	0	0	10,082
Janitorial	1,692	831	59	0	2,582
Legal and accounting	0	3,218	7,632	3,225	14,075
Maintenances	550	270	19	125	964
Meals and entertainment	0	40	0	0	40
Mileage	710	342	3	185	1,240
Parking	2,726	1,334	95	0	4,155
Payroll expenses	326,685	106,849	4,773	25,250	463,557
Postage	1,201	2,177	211	375	3,964
Rent	19,024	9,345	668	5,500	34,537
Repairs	8,536	4,019	194	2,263	15,012
Supplies	49,535	3,288	1,815	25	54,663
Telephone	5,564	1,987	156	140	7,847
Training and development	4,909	1,420	98	0	6,427
Uncollectible pledges	0	48,377	0	0	48,377
Utilities	3,978	1,954	140	0	6,072
UW of America dues	0	0	14,530	0	14,530
Youth volunteer corps	3,483	0	0	0	3,483
	<u>1,540,504</u>	<u>250,035</u>	<u>36,700</u>	<u>42,627</u>	<u>1,869,866</u>
Depreciation	8,448	1,580	58	698	10,784
	<u><u>1,548,952</u></u>	<u><u>251,615</u></u>	<u><u>36,758</u></u>	<u><u>43,325</u></u>	<u><u>1,880,650</u></u>

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

# FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOW

For the Years Ended June 30,

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	240,431	126,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,006	10,784
Realized and unrealized losses (gains) on investments	(202,215)	(117,317)
Contributions restricted for long-term purposes	(10,762)	(14,150)
Changes in assets and liabilities:		
(Increase) decrease in receivables	444	2,693
(Increase) decrease in prepaid expenses	748	3,892
(Increase) decrease in other assets	(5,270)	2,214
Increase (decrease) in accounts payable and accrued expenses	26,539	20,820
Increase (decrease) in allocations payable	11,667	0
Increase (decrease) in grants payable	(9,563)	(11,541)
Increase (decrease) in deferred revenue	16,078	35,301
Increase (decrease) in agency funds	15,557	(21,495)
Net cash provided by operating activities	<u>97,660</u>	<u>37,311</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Furniture and equipment purchases	(18,225)	(37,800)
Purchase of investments	(341,273)	(560,478)
Proceeds from sale of investments	<u>480,516</u>	<u>499,008</u>
Net cash provided by (used in) investing activities	<u>121,018</u>	<u>(99,270)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital lease borrowings	12,974	2,461
Proceeds from contributions restricted for investment in permanent endowment	<u>10,762</u>	<u>14,150</u>
Net cash provided by financing activities	<u>23,736</u>	<u>16,611</u>
Net increase (decrease) in cash and cash equivalents	242,414	(45,348)
Cash and cash equivalents, beginning of year	<u>1,220,631</u>	<u>1,265,979</u>
Cash and cash equivalents, end of year	<u><u>1,463,045</u></u>	<u><u>1,220,631</u></u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid during the year for:		
Interest	0	0
Income taxes	0	0

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

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# FINANCIAL STATEMENTS

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## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

### Note A. Organization and Significant Accounting Policies

**1. Nature of Operations:**

The United Way of Yellowstone County is a nonprofit organization formed for the purpose of providing solutions for community needs by developing strategies, building partnerships and investing in programs, all of which are supported through annual fundraising campaigns as well as fundraising through grant applications.

**2. Financial Statement Presentation**

The Organization has presented its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Permanently restricted net assets – Net assets that are restricted by donors to be maintained by the Organization in perpetuity.

**3. Cash Equivalents:**

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**4. Promises to Give:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All promises to give are expected to be collected within one year. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**5. Allowance Method Used to Record Bad Debts**

The Organization uses the allowance method for uncollectible pledges receivables.

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# FINANCIAL STATEMENTS

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## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

**6. Investments:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

**7. Furniture and Equipment:**

Furniture and equipment acquisitions with an original cost of at least \$1,000 are recorded at cost. Donated furniture and equipment is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of assets (generally 5-15 years) and is computed using the straight-line method.

**8. Allocations Payable:**

Allocations payable represent amounts approved by the Board of Directors payable to United Way agencies.

**9. Annuity Obligation:**

The Organization receives charitable donations for annuities from donors with a provision that a fixed income be paid to the donor and/or his named beneficiary for life. The annuity obligation represents the present value of payments to be made over the life expectancies of the annuitant and/or his named beneficiaries based on Internal Revenue Service annuity tables. The contributions received and the related obligations are permanently restricted until the death of the annuitant and/or his named beneficiary at which time the remaining assets become permanently restricted or unrestricted based upon the terms of the original annuity agreement. The recorded obligation is recognized as income at the time of death. On an annual basis, the Organization revalues the liability related to required distributions to the designated beneficiaries based on actuarial assumptions. The liability is included in the accounts payable balance on the statement of financial position. The present value of the estimated future payments at June 30, 2011 and 2010 is \$8,902 and \$8,434, respectively.

**10. Board Designated Endowment:**

Board designated endowment funds represent funds that are designated by Board policy requiring in perpetuity that the principal be invested and the income only be used as determined by the Board.

**11. Revenue Recognition:**

Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. All contributions are considered available for unrestricted use unless specifically restricted by the donor as to time or purpose. The Organization acts as an agent of the donor when contributions are directed by the donor and are to be distributed to a specific third-party beneficiary. These contributions received and subsequently remitted to third parties are reflected in campaign results on the statement of activities but are not treated as contribution revenue.

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# FINANCIAL STATEMENTS

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## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

The Organization administers other campaigns for local employers. Under the agreements, the employers run campaigns, collect the pledges and make payments to the Organization for quarterly distribution to the agencies designated by the employee. The Organization collects administration fees for administering the other campaigns. The Organization is acting as an agent in administering the other campaigns and, therefore, contributions received and subsequently remitted to agencies are not included in the statement of activities.

### **12. Advertising:**

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2011 and 2010 was \$5,013 and \$3,575, respectively.

### **13. Donated Services, Materials and Facilities:**

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services do not meet the requirements for recognition in the financial statements and have not been recorded.

### **14. Functional Allocation:**

The Organization's management allocates expenses by function between program and supporting service classifications based upon estimated levels of functional time and effort.

### **15. Use of 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 revenue and expenses. Actual results could differ from those estimates.

### **16. Income Taxes:**

The Organization is organized as a nonprofit corporation and is exempt from federal and state income taxes under section 501(c) (3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in these statements. The Organization is subject to examination of their federal income tax filing in the United States for the 2007 through 2009 tax years. There were no uncertain tax positions taken by the Organization. In the event that the Organization is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

### **17. Concentration of Credit risk:**

The Organization has accounts that are maintained in several banks. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of balances held at these banks in amounts that may, at times, exceed the \$250,000 FDIC insurance limits.

### **18. Date of Management's Review:**

Management has performed a review of the activities and transactions subsequent to June 30, 2011 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2011. Management has performed this analysis through November 09, 2011, the date the financial statements were available to be issued.

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## FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

#### Note B. Cash and Cash Equivalents

Cash and cash equivalents at June 30 are as follows:

	<u>2011</u>	<u>2010</u>
General Operating Deposits	89,756	197,097
Care Academy Deposits	60,714	51,752
Combined Federal Campaign Deposits	47,712	52,003
Emergency Food and Shelter Fund Deposits	3,571	22,197
General Operating Funds	1,149	1,261
General Operating Certificates of Deposit	974,399	803,152
Endowment Money Market	285,744	92,899
	<u>1,463,045</u>	<u>1,220,361</u>

#### Note C. Allowance Method Used to record Bad Debts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Pledges receivable are presented net of an allowance for doubtful accounts of \$42,000 and \$50,000 at June 30, 2011 and 2010, respectively.

#### Note D. Investments and Investment Return

Investments at June 30, are as follows:

	<u>2011</u>	<u>2010</u>
	Market	Market
	Value	Value
Fixed income	365,837	416,711
Equities	663,129	569,882
Complementary strategies	79,232	93,618
Real assets	129,240	94,255
	<u>1,237,438</u>	<u>1,174,466</u>

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## FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

Investment income (loss) as of June 30 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted:		
Interest income on cash and cash equivalents	6,082	15,271
Investment interest and dividends	36,295	27,165
Net realized and unrealized gains (losses)	202,215	117,317
	<u>244,592</u>	<u>159,753</u>

#### Note E. Other Assets

In November 2001, the Organization received a single premium whole life insurance policy from a donor. Under the terms of the insurance, the Organization receives the cash surrender value if the policy is terminated, and, upon death of the insured, receives a guaranteed death benefit. The cash surrender value of the life insurance as of June 30, 2011 and 2010 is \$14,205 and \$13,659, respectively, and is included in other assets in the accompanying statement of financial position.

#### Note F. Accrued Vacation Payable

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. Accrued but unused vacation leave in the amounts of \$18,936 and \$21,688 are included in accounts payable and accrued expenses on the statement of financial position at June 30, 2011 and 2010, respectively.

#### Note G. Agency Funds

The Organization acts as an agent for various organizations or projects where funds are to be disbursed only for the benefit of, and upon the instructions of those organizations or projects.

The Agency funds consist of cash and cash equivalents and pledges receivable for the following as of June 30:

	<u>2011</u>	<u>2010</u>
United Way Campaign, Donor Designations	150,825	122,120
Combined Federal Campaign	165,754	159,755
Emergency Food and Shelter Program	0	19,147
	<u>316,579</u>	<u>301,022</u>

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## FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

#### Note H. Capital Lease

During the year ended June 30, 2011, the Organization acquired equipment under the provision of a long-term lease. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and are included in equipment on the balance sheet. The leased equipment under the capital lease has a cost of \$13,500. The following is a schedule of future minimum lease payments;

2012	2,700
2013	2,700
2014	2,700
2015	2,700
2016	2,700
	<u>13,500</u>

#### Note I. Lease

In May 2010, the Organization renewed the lease for office space under a long-term operating lease, which expires May 31, 2013. Generally, the Organization is required to pay minor repair, janitorial and utility costs. Rental expense was \$34,537 and \$34,537 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease payments will be:

2012	34,536
2013	<u>31,658</u>
	<u>66,194</u>



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# FINANCIAL STATEMENTS

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## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

### Note J. Net Assets

#### 1. Unrestricted:

The Board of Directors designated certain funds for special purposes.

- a. Board Designated Endowment is the principal of non-restricted gifts in the form of cash, bequests or stock.
- b. Board Designate General is funds to be used to stabilize program funding during periods of below normal campaigns, for special purpose programs grants, for special purpose UWYC programs and activities, ant to support the administrative activities of the Organization.
- c. Board Designated Out of School was the net income from the CARE Academy program for the fiscal year 2010 to be used for after school programs.

Amounts for the following purposes have been designated as of June 30:

	<u>2011</u>	<u>2010</u>
Board designated endowment	164,665	159,611
Board designated general	569,565	569,565
Board designated out of school	<u>36,475</u>	<u>0</u>
	770,705	729,176
Undesignated	<u>1,725,017</u>	<u>1,536,877</u>
	<u><u>2,495,722</u></u>	<u><u>2,266,053</u></u>

#### 2. Permanently Restricted:

	<u>2011</u>	<u>2010</u>
Permanently restricted assets consist of endowment fund investments to be held indefinitely, the income from which is expendable for unrestricted purposes.	<u>301,458</u>	<u>290,696</u>

### Note K. Pension Plan

The Organization has a 403(b) Plan covering all full-time and part-time employees who have performed services for the Organization in at least one year of the immediately preceding five years and does not include employees whose total compensation during the year is less than the amount specified in the Internal Revenue Code. The Organization contributes an amount equal to 5% of the annual compensation plus matches up to 5% of annual compensation of the employees who are members of the plan. Organization contributions to the plan total \$39,076 and \$35,828, for the years ended June 30, 2011 and 2010, respectively.

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## FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

#### **Note L. Allocations Payable**

United Way of Yellowstone County allocates funds to support qualifying agencies. Receipt of a signed contract from the agency accepting United Way of Yellowstone County's conditions creates the liability. At June 30, 2011 and 2010, no signed agency contracts had been returned to the United Way of Yellowstone County for the coming year. For the years ended June 30, 2011 and 2010, allocations payable were \$11,667 and \$0, respectively.