

Jennings County United Way, Inc.
North Vernon, Indiana
Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

Jennings County United Way, Inc.
North Vernon, Indiana
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jennings County United Way, Inc.
North Vernon, Indiana

We have audited the accompanying financial statements of Jennings County United Way, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2012 and 2011, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

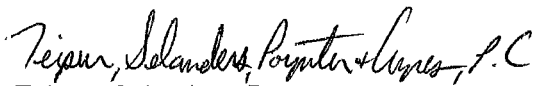
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jennings County United Way, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Teipen, Selanders, Poynter & Ayres, P.C.
Certified Public Accountants

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Financial Position
As of December 31, 2012 and 2011
(See Independent Auditor's Report)

	2012	2011
Assets		
Cash and Cash Equivalents - Note 1	\$ 38,479	\$ 67,961
Short-Term Investments - Certificates of Deposit - Notes 1 and 3	25,012	24,842
Pledges Receivable - 2012 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$6,167 - Note 1	70,878	-
Pledges Receivable - 2011 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$12,511 and \$9,121 - Note 1	22,325	71,710
Pledges Receivable - 2010 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$0 and \$7,288 - Note 1	-	16,547
Pledges Receivable - 2009 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$0 - Note 1	-	150
Other Receivables	-	820
Prepaid Expenses	8,354	8,608
Property and Equipment - Net of Accumulated Depreciation of \$5,944 and \$4,884 - Notes 1 and 2	3,390	4,450
Beneficial Interest in Jennings County Community Foundation - Note 4	22,644	21,576
	<u>191,082</u>	<u>216,664</u>
Total Assets	\$ 191,082	\$ 216,664
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 3,752	\$ 3,790
Accrued Vacation	2,959	-
Designations Payable - 2012 Campaign	16,149	-
Designations Payable - 2011 Campaign	7,915	20,911
Designations Payable - 2010 Campaign	-	7,179
	<u>30,775</u>	<u>31,879</u>
Total Liabilities	30,775	31,879
Net Assets - Notes 1 and 5		
Unrestricted	(238)	11,871
Temporarily Restricted	137,901	151,338
Permanently Restricted	22,644	21,576
	<u>160,307</u>	<u>184,785</u>
Total Net Assets	160,307	184,785
Total Liabilities and Net Assets	\$ 191,082	\$ 216,664

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2012
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue - Note 1				
Gross Campaign Results	\$ 35,585	\$ 103,200	\$ -	\$ 138,785
Donor Designations	(1,418)	(16,229)	-	(17,647)
Provision for Uncollectible Pledges	(5,484)	(6,167)	-	(11,651)
Net Campaign Results	<u>28,683</u>	<u>80,804</u>	-	<u>109,487</u>
Special Events	11,978	-	-	11,978
Designations from Other United Ways	23,454	25	-	23,479
Service Fees	-	75	-	75
Grant - 1010	-	4,831	-	4,831
Grant - INvest1213 Collaborative - Note 9	-	37,500	-	37,500
Literacy Fund	-	1,419	-	1,419
House of Hope	7,500	-	-	7,500
In-Kind	379	-	-	379
Program Service	2,650	-	-	2,650
Management Fee	1,500	-	-	1,500
Miscellaneous	392	-	-	392
Interest - Note 3	242	-	-	242
Increase in Beneficial Interest in Jennings County Community Foundation Fund	-	-	1,068	1,068
Net Assets Released from Restriction	<u>138,091</u>	<u>(138,091)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>214,869</u>	<u>(13,437)</u>	<u>1,068</u>	<u>202,500</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	81,786	-	-	81,786
Other Program Services	<u>112,303</u>	<u>-</u>	<u>-</u>	<u>112,303</u>
Total Program Services	<u>194,090</u>	<u>-</u>	<u>-</u>	<u>194,090</u>
Support Services				
Management and General	22,829	-	-	22,829
Fundraising	8,449	-	-	8,449
Unallocated Payments to Affiliated Organization - UWA Dues	<u>1,611</u>	<u>-</u>	<u>-</u>	<u>1,611</u>
Total Support Services	<u>32,889</u>	<u>-</u>	<u>-</u>	<u>32,889</u>
Total Expenses	<u>226,979</u>	<u>-</u>	<u>-</u>	<u>226,979</u>
Change in Net Assets	(12,110)	(13,437)	1,068	(24,478)
Net Assets - Beginning of Year	<u>11,871</u>	<u>151,338</u>	<u>21,576</u>	<u>184,785</u>
Net Assets - End of Year	<u>\$ (238)</u>	<u>\$ 137,901</u>	<u>\$ 22,644</u>	<u>\$ 160,307</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2011
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue - Note 1				
Gross Campaign Results	\$ 43,794	\$ 135,375	\$ -	\$ 179,169
Donor Designations	(9,085)	(20,975)	-	(30,060)
Provision for Uncollectible Pledges	(1,649)	(9,121)	-	(10,770)
Net Campaign Results	<u>33,060</u>	<u>105,279</u>	-	<u>138,339</u>
Special Events	16,930	-	-	16,930
Designations from Other United Ways	20,648	-	-	20,648
Service Fees	67	64	-	131
Grant - 1010	-	26,267	-	26,267
Grant - 1010 Collaborative	-	11,425	-	11,425
Sponsorship	200	-	-	200
In-Kind	10,655	-	-	10,655
Program Service	2,339	-	-	2,339
Management Fee	2,500	-	-	2,500
Autistic and Behavioral Connections	145	-	-	145
Other	1,324	-	-	1,324
Interest - Note 3	431	-	-	431
Increase in Beneficial Interest in Jennings County Community Foundation Fund	-	-	1,143	1,143
Net Assets Released from Restriction	<u>143,392</u>	<u>(143,392)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>231,691</u>	<u>(357)</u>	<u>1,143</u>	<u>232,477</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	90,505	-	-	90,505
Other Program Services	<u>112,625</u>	<u>-</u>	<u>-</u>	<u>112,625</u>
Total Program Services	<u>203,130</u>	<u>-</u>	<u>-</u>	<u>203,130</u>
Support Services				
Management and General	22,387	-	-	22,387
Fundraising	12,271	-	-	12,271
Unallocated Payments to Affiliated Organization - UWA Dues	<u>1,645</u>	<u>-</u>	<u>-</u>	<u>1,645</u>
Total Support Services	<u>36,303</u>	<u>-</u>	<u>-</u>	<u>36,303</u>
Total Expenses	<u>239,432</u>	<u>-</u>	<u>-</u>	<u>239,432</u>
Change in Net Assets	(7,742)	(357)	1,143	(6,956)
Net Assets - Beginning of Year	<u>19,613</u>	<u>151,695</u>	<u>20,433</u>	<u>191,741</u>
Net Assets - End of Year	<u>\$ 11,871</u>	<u>\$ 151,338</u>	<u>\$ 21,576</u>	<u>\$ 184,785</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2012
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 9	\$ 90,150	\$ -	\$ -	\$ -	\$ 90,150
Donor Designations	(11,420)	-	-	-	(11,420)
Special Grants and Allocations	3,056	-	-	-	3,056
Net Funds Distributed	<u>81,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,786</u>
Salaries and Wages - Professional	40,586	4,104	2,052	-	46,742
Payroll Taxes and Benefits	3,917	410	205	-	4,532
Total Personnel	<u>44,503</u>	<u>4,514</u>	<u>2,257</u>	<u>-</u>	<u>51,274</u>
Accounting and Pledge Processing Services	-	10,740	-	-	10,740
Professional Fees	-	6,250	-	-	6,250
Contract Service Fees	-	-	315	-	315
Campaign Events and Supplies	-	-	4,500	-	4,500
Marketing and Advertising	145	17	9	-	171
Postage	353	42	486	-	881
Office Supplies	473	52	19	-	544
Office Rent - Note 6	4,080	480	240	-	4,800
Telephone and Utilities	3,326	391	196	-	3,913
Insurance	1,327	156	78	-	1,561
Conferences, Training and Meetings	973	51	275	-	1,299
Travel	619	60	30	-	709
Grants					
4Community2	6,475	-	-	-	6,475
INvest1213	5,871	-	-	-	5,871
1010	18,754	-	-	-	18,754
Literacy Fund	7	-	-	-	7
House of Hope	7,500	-	-	-	7,500
Duke Energy Pass Through	1,000	-	-	-	1,000
Special Event, Day of Caring	2,670	-	-	-	2,670
Youth Leadership	1,721	-	-	-	1,721
Charity Tracker	1,795	-	-	-	1,795
Dollars for Scholars	6,500	-	-	-	6,500
Local and State Affiliation Dues	467	55	37	-	559
Depreciation - Note 1	1,060	-	-	-	1,060
Miscellaneous	2,684	21	7	-	2,712
Subtotal	<u>112,303</u>	<u>22,829</u>	<u>8,449</u>	<u>-</u>	<u>143,581</u>
United Way of America - Dues	-	-	-	1,611	1,611
Totals	<u>\$ 194,090</u>	<u>\$ 22,829</u>	<u>\$ 8,449</u>	<u>\$ 1,611</u>	<u>\$ 226,979</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2011
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 9	\$ 95,438	\$ -	\$ -	\$ -	\$ 95,438
Donor Designations	(13,362)	-	-	-	(13,362)
Special Grants and Allocations	8,429	-	-	-	8,429
Net Funds Distributed	<u>90,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,505</u>
Salaries and Wages - Professional	39,632	3,819	2,069	-	45,520
Payroll Taxes and Benefits	3,898	395	210	-	4,503
Total Personnel	<u>43,530</u>	<u>4,214</u>	<u>2,279</u>	<u>-</u>	<u>50,023</u>
Accounting and Pledge					
Processing Services	-	10,740	-	-	10,740
Professional Fees	-	5,250	-	-	5,250
Contract Service Fees	-	-	256	-	256
Campaign Events and Supplies	-	-	7,155	-	7,155
Marketing and Advertising	502	36	469	-	1,007
Postage	363	22	457	-	842
Office Supplies	621	64	32	-	717
Office Rent - Note 6	4,250	500	250	-	5,000
Telephone and Utilities	1,986	238	117	-	2,341
Insurance	978	415	58	-	1,451
Conferences, Training and Meetings	1,159	144	237	-	1,540
Travel	679	60	30	-	769
Equipment Purchases	10,121	18	9	-	10,148
Grants					
1010	4,817	-	591	-	5,408
4Community2	11,924	-	-	-	11,924
1010 Collaborative	11,011	-	-	-	11,011
Special Event, Day of Caring	1,803	-	-	-	1,803
Youth Leadership	2,009	-	-	-	2,009
Charity Tracker	1,825	-	-	-	1,825
Dollars for Scholars	7,000	-	-	-	7,000
Financial Stability	70	-	-	-	70
Loss on Asset Disposal	4,709	554	277	-	5,540
Local and State Affiliation Dues	467	55	27	-	549
Depreciation - Note 1	991	32	16	-	1,039
Miscellaneous	1,810	45	12	-	1,866
Subtotal	<u>112,625</u>	<u>22,387</u>	<u>12,271</u>	<u>-</u>	<u>147,282</u>
United Way of America - Dues	-	-	-	1,645	1,645
Totals	<u>\$ 203,130</u>	<u>\$ 22,387</u>	<u>\$ 12,271</u>	<u>\$ 1,645</u>	<u>\$ 239,432</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011
(See Independent Auditor's Report)

	2012	2011
Cash Flows from Operating Activities		
Change in Net Assets	\$ (24,478)	\$ (6,956)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation Expense	1,060	1,038
Loss on Dispositions of Property and Equipment - Held for Sale	-	5,309
Loss on Dispositions of Property and Equipment	-	230
Increase in Beneficial Asset Held by Foundation	(1,068)	(1,143)
Interest Income Added to Short-Term Investments - Certificates of Deposit	(170)	(211)
(Increase) Decrease in Pledges Receivable - Net	(4,796)	4,831
(Increase) Decrease in Other Receivables	820	(636)
(Increase) Decrease in Prepaid Expenses	255	(941)
Increase (Decrease) in Accounts Payable	(38)	(2,698)
Increase (Decrease) in Accrued Vacation	2,959	-
Increase (Decrease) in Designations Payable - Net	<u>(4,026)</u>	<u>3,724</u>
Net Cash (Used in) Provided by Operating Activities	<u>(29,483)</u>	<u>2,547</u>
Cash Flows From Investing Activities		
Proceeds Received from Sale of Property and Equipment - Held for Sale	-	4,691
Purchase of Property and Equipment	<u>-</u>	<u>(2,675)</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>2,016</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(29,483)	4,563
Cash and Cash Equivalents - Beginning of Year	<u>67,961</u>	<u>63,398</u>
Cash and Cash Equivalents - End of Year	<u>\$ 38,479</u>	<u>\$ 67,961</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Jennings County United Way, Inc. (the Organization), was formed in 1963 as a voluntary not-for-profit organization benefiting the Jennings County, Indiana community. The mission of the Organization is to provide vision and leadership in the community's pursuit of a rich and full quality of life for all people in Jennings County. The Organization is governed by a volunteer board of directors and solicits donations from the public in Jennings County and grants monies to various not-for-profit agencies.

BASIS OF PRESENTATION - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (FASB) ASC 958-225-45-5, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-225-45-5, 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.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its by-laws.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor imposed stipulations that are maintained permanently by the Organization.

CASH AND CASH EQUIVALENTS - For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective asset as follows:

Office Equipment	5 Years	
	2012	2011
Depreciation Expense	\$ <u>1,060</u>	\$ <u>1,038</u>

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUPPORT, REVENUE AND PLEDGES - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as a receivable when the pledge is received and allowances are provided for pledges estimated to be uncollectible. Amounts received that are restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classifications.

When a donor stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

The majority of pledges receivable are received from a broad base of Jennings County contributors as a result of the annual United Way Campaign.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management's evaluation of the collectability of the pledges receivable, trends in historical bad debt experience and economic conditions, applied to gross campaign, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of bad debts and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

SHORT-TERM INVESTMENTS - Short-term investments consist of certificates of deposit and are recorded at fair value.

The Organization's short-term investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amount reported in the Statements of Financial Position and the Statements of Activities.

COST DEDUCTION - The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs for payroll and other overhead costs have been allocated among the programs and supporting services based upon the distribution of staff time.

ADVERTISING - Advertising costs are expensed as incurred.

(Continued)

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2012 and 2011, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$379 and \$10,655, respectively. In-kind contributions are as follows:

	2012	2011
Computer Service and Consulting	\$ -	\$ 1,145
Conference and Training	379	-
Software - Microsoft	-	8,183
Advertising	-	427
Professional Fees	-	500
Office Rent	-	400
	\$ 379	\$ 10,655
Total In-Kind Contributions	\$ 379	\$ 10,655

CONTRIBUTED SERVICES - During the years ended December 31, 2012 and 2011, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fundraising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made* and are not included in the financial statements.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAXES - The Organization is a not-for-profit, charitable organization as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

RECLASSIFICATIONS - Certain account combinations from the prior year financial statements have been reclassified in the financial statements and notes to the financial statements to conform to the current year format.

NOTE 2 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following:

	2012	2011
Furniture and Equipment	\$ 9,334	\$ 9,334
Less: Accumulated Depreciation	(5,944)	(4,884)
	\$ 3,390	\$ 4,450
Total Property and Equipment - Net	\$ 3,390	\$ 4,450

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

NOTE 3 - INVESTMENTS

The Organization's investments are as follows:

	2012 Fair Value	2011 Fair Value
Certificates of Deposit	\$ <u>25,012</u>	\$ <u>24,842</u>

Investment return is summarized below:

	2012	2011
Interest from Investments and Idle Cash	\$ <u>242</u>	\$ <u>431</u>

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY THE JENNINGS COUNTY COMMUNITY FOUNDATION

Since 2002, the Organization has made multiple transfers to the Jennings County Community Foundation (Foundation) into the Jennings County United Way, Inc. Agency Endowment Fund under a designated endowment agreement. Under this agreement, the Organization is specified as the beneficiary of the net earnings (net of expense) of the fund; however, the Foundation has retained variance authority of those funds. The beneficial interest reported as an asset represents the present value of the estimated future cash flows to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the fund is reported as an increase or decrease in permanently restricted net assets. The beneficial interest in assets held by the Endowment is summarized as follows:

	2012	2011
Total Beneficial Interest in Jennings County Community Foundation	\$ <u>22,644</u>	\$ <u>21,576</u>

Change in endowment net assets for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Beginning of Year	\$ 23,281	\$ 23,652
Investment Earnings (Includes Interest, Dividends, Realized and Unrealized Gains and Losses, Less Fees)	<u>1,482</u>	<u>(371)</u>
End of Year	\$ <u>24,763</u>	\$ <u>23,281</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2012 and 2011
(See Independent Auditor's Report)

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011 are available for the following purposes:

	2012	2011
Time Restriction	\$ 80,904	\$ 105,342
INvest1213 Collaborative	34,542	-
Literacy Fund	1,412	-
4Community2 Implementation	12,302	20,274
Charity Tracker	2,139	4,072
Dollars for Scholars	-	877
The Peers	-	89
1010 Grant	<u>6,602</u>	<u>20,683</u>
Total	<u>\$ 137,901</u>	<u>\$ 151,338</u>

During the years ended December 31, 2012 and 2011, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2012	2011
Time Restriction	\$ 105,342	\$ 100,347
INvest1213 Collaborative	2,958	-
Literacy Fund	7	-
4Community2 Implementation	7,973	14,010
Charity Tracker	1,933	1,720
Dollars for Scholars	877	(500)
The Peers	89	807
Equipment - To be Sold	-	10,000
1010 Grant	18,912	5,584
1010 Collaborative	<u>-</u>	<u>11,425</u>
Total	<u>\$ 138,091</u>	<u>\$ 143,392</u>

NOTE 6 - OPERATING LEASE

The Organization leased office space in North Vernon, Indiana under a one year operating lease agreement which expired December 31, 2012. The Organization moved at the end of 2011 and entered into a month to month lease agreement requiring payments of \$400 per month beginning November 1, 2011. Rent expense was \$4,800 and \$5,000 for the years ended December 31, 2012 and 2011, respectively.

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NOTE 7 - PENSION PLAN

The Organization has established a simple individual retirement account plan for all full-time employees. Eligible employees may defer a portion of their annual compensation up to the maximum allowable by law. The Organization matches up to 3% of employee contributions to the plan. The Organization's contributions were \$1,182 and \$1,152 for the years ended December 31, 2012 and 2011, respectively.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSET CASH BALANCES

At December 31, 2012 and 2011, the cash and cash equivalent balance on the Statements of Financial Position include temporarily restricted net assets totaling \$75,899 and \$41,038, respectively.

NOTE 9 - DESCRIPTION OF MAJOR PROGRAM SERVICES

The Organization supports other not-for-profit member agencies in Jennings County, Indiana serving four impact areas; Crisis, Education, Income and Health through distributions.

Charity Tracker - Streamlines client intake in a shared confidential database of information and assistance to reduce duplication of services and stretch community resources.

Financial Stability - Creates lasting change and ensures a brighter future for children.

Dollars for Scholars - Making it easier for area students to attend college.

Day of Caring - Providing volunteer service to the community.

INvest1213 and INvest1213 Collaborative Grants - The Organization was awarded an INvest1213 Grant and INvest1213 Collaborative Grant in June, 2012 totaling \$25,800 and \$50,000, respectively, from the Indiana Association of United Ways. The INvest1213 Grant can be used for financial stability programs targeting education in Jennings County. The INvest1213 Collaborative Grant is to be used to implement the Invest1213 agenda with four Indiana counties each contributing \$3,125. During the year ended December 31, 2012, the Organization has received \$37,500 of the Invest1213 Collaborative Grant and \$0 of the Invest1213 Grant.

NOTE 10 - RELATED PARTIES

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the Jennings County United Way, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the Jennings County United Way, Inc.

NOTE 11 - CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash and certificates of deposit accounts at three financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). At times, during the years ended December 31, 2012 and 2011, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. Only interest bearing accounts with FDIC insured financial institutions have an insurable balance restriction of \$250,000. At December 31, 2012 and 2011, the Organization had no accounts in excess of the \$250,000. The Organization has not experienced any losses.

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NOTE 12 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2012 and 2011, campaign pledges were received from donors that exceeded ten percent of the Organization's total gross current year campaign donations. The campaign revenue and related pledge receivable amounts for each donor exceeding ten percent as of December 31, 2012 and 2011 are as follows:

	2012	
	Campaign	Receivable
North Vernon City Employees	\$ 12,231	\$ 12,091
Jennings County School Corporation	20,999	20,634
Erler Industries, Inc.	11,331	10,680
Total Concentration of Campaign Pledges	\$ 44,561	\$ 43,405
	2011	
	Campaign	Receivable
Cummins Foundation	\$ 29,254	\$ -
Jennings County School Corporation	23,015	22,535
Erler Industries, Inc.	16,867	16,867
Total Concentration of Campaign Pledges	\$ 69,136	\$ 39,402

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

The Organization values certificates of deposit at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in Jennings County Community Foundation is based upon a valuation model that calculates the present value of estimated future distributable income (Level 3).

(Continued)

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NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below by the three levels of hierarchy:

	2012		
	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ 25,012	\$ -
Beneficial Interest in Jennings County Community Foundation	-	-	22,644
	\$ -	\$ 25,012	\$ 22,644
	2011		
	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ 24,842	\$ -
Beneficial Interest in Jennings County Community Foundation	-	-	21,576
	\$ -	\$ 24,842	\$ 21,576

The table below represents a reconciliation of activities reflected in the Statements of Activities of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2012 and 2011:

	2012	2011
Beginning of the Year	\$ 21,576	\$ 20,433
Change in Net Present Value of Beneficial Interest	1,068	1,143
End of Year	\$ 22,644	\$ 21,576

NOTE 14 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* as of January 1, 2009. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements. The Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2009 and does not expect the total amount of unrecognized tax benefits to significantly change in the next year. The Organization would recognize interest and penalties related to income tax matters in miscellaneous expense. The Organization did not have any amounts accrued for interest and penalties as of December 31, 2012 and 2011.

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NOTE 15 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of November 8, 2013.