

Jennings County United Way, Inc.
North Vernon, Indiana
Financial Statements
December 31, 2011 and 2010
(See Independent Auditor's Report)

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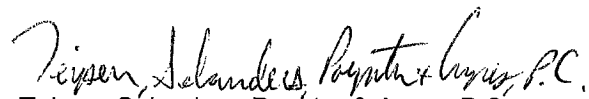
INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Statements of Financial Position of Jennings County United Way, Inc., a not-for-profit organization, as of December 31, 2011 and 2010 and the related Statements of Activities and 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 audit.

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 Jennings County United Way, Inc. as of December 31, 2011 and 2010, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


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

September 28, 2012

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Financial Position
As of December 31, 2011 and 2010
(See Independent Auditor's Report)

	2011	2010
Assets		
Cash and Cash Equivalents - Note 1	\$ 67,961	\$ 63,398
Short-Term Investments - Certificates of Deposit - Notes 1 and 3	24,842	24,631
Pledges Receivable - 2011 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$9,121 - Note 1	71,710	-
Pledges Receivable - 2010 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$7,288 and \$6,128 - Note 1	16,547	67,808
Pledges Receivable - 2009 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$0 and \$9,247 - Note 1	150	25,430
Other Receivables	820	184
Prepaid Expenses	8,607	7,666
Property and Equipment - Held for Sale	-	10,000
Property and Equipment - Net of Accumulated Depreciation of \$4,884 and \$32,077 - Notes 1 and 2	4,450	3,043
Beneficial Interest in Jennings County Community Foundation - Note 4	<u>21,576</u>	<u>20,433</u>
Total Assets	\$ <u>216,664</u>	\$ <u>222,593</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 3,790	\$ 6,488
Designations Payable - 2011 Campaign	20,911	-
Designations Payable - 2010 Campaign	7,179	16,905
Designations Payable - 2009 Campaign	-	4,773
Designations Payable - 2008 Campaign	<u>-</u>	<u>2,687</u>
Total Liabilities	<u>31,880</u>	<u>30,853</u>
Net Assets - Notes 1 and 5		
Unrestricted	11,870	19,613
Temporarily Restricted	151,338	151,695
Permanently Restricted	<u>21,576</u>	<u>20,433</u>
Total Net Assets	<u>184,784</u>	<u>191,740</u>
Total Liabilities and Net Assets	\$ <u>216,664</u>	\$ <u>222,593</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
Road Race	33	-	-	33
Autistic and Behavioral Connections	145	-	-	145
Miscellaneous	1,291	-	-	1,291
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>239,433</u>	<u>-</u>	<u>-</u>	<u>239,433</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>191,740</u>
Net Assets - End of Year	<u>\$ 11,870</u>	<u>\$ 151,338</u>	<u>\$ 21,576</u>	<u>\$ 184,784</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2010
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue - Note 1				
Gross Campaign Results	\$ 65,370	\$ 126,239	\$ -	\$ 191,609
Donor Designations	(4,443)	(16,905)	-	(21,348)
Recovery from (Provision for)				
Uncollectible Pledges	<u>27,396</u>	<u>(9,247)</u>	<u>-</u>	<u>18,149</u>
Net Campaign Results	88,323	100,087	-	188,410
Special Events	12,273	750	-	13,023
Designations from Other United Ways	19,688	260	-	19,948
Service Fees	4,004	-	-	4,004
In-Kind	18,924	10,000	-	28,924
Fundraising Fees	22	-	-	22
Program Service	8,095	-	-	8,095
Management Fee	7,930	-	-	7,930
Dollars for Scholars	-	7,852	-	7,852
Road Race	3,594	-	-	3,594
Interest - Note 3	1,017	-	-	1,017
Increase in Beneficial Interest in Jennings County Community Foundation Fund	-	-	1,827	1,827
Net Assets Released from Restriction	<u>118,052</u>	<u>(118,052)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>281,922</u>	<u>897</u>	<u>1,827</u>	<u>284,646</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	116,601	-	-	116,601
Other Program Services	<u>106,395</u>	<u>-</u>	<u>-</u>	<u>106,395</u>
Total Program Services	<u>222,996</u>	<u>-</u>	<u>-</u>	<u>222,996</u>
Support Services				
Management and General	27,836	-	-	27,836
Fundraising	22,080	-	-	22,080
Unallocated Payments to Affiliated Organization - UWA Dues	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
Total Support Services	<u>52,501</u>	<u>-</u>	<u>-</u>	<u>52,501</u>
Total Expenses	<u>275,497</u>	<u>-</u>	<u>-</u>	<u>275,497</u>
Change in Net Assets	6,426	897	1,827	9,149
Net Assets - Beginning of Year	<u>13,187</u>	<u>150,798</u>	<u>18,606</u>	<u>182,591</u>
Net Assets - End of Year	<u>\$ 19,613</u>	<u>\$ 151,695</u>	<u>\$ 20,433</u>	<u>\$ 191,740</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					
4Community2	11,924	-	-	-	11,924
1010	4,817	-	591	-	5,408
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	-	1,867
Subtotal	<u>112,625</u>	<u>22,387</u>	<u>12,271</u>	<u>-</u>	<u>147,283</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>\$ 239,433</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2010
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 9	\$ 112,700	\$ -	\$ -	\$ -	\$ 112,700
Donor Designations	(17,363)	-	-	-	(17,363)
Special Grants and Allocations	21,264	-	-	-	21,264
Net Funds Distributed	<u>116,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,601</u>
Salaries and Wages - Professional	29,925	8,052	9,147	-	47,124
Payroll Taxes and Benefits	2,814	791	875	-	4,480
Total Personnel	<u>32,739</u>	<u>8,843</u>	<u>10,022</u>	<u>-</u>	<u>51,604</u>
Accounting and Pledge					
Processing Services	-	10,740	-	-	10,740
Professional Fees	-	5,250	-	-	5,250
Contract Service Fees	-	-	525	-	525
Campaign Events and Supplies	-	-	7,957	-	7,957
Marketing and Advertising	365	33	782	-	1,180
Postage	128	48	730	-	906
Office Supplies	440	142	142	-	724
Office Rent - Note 6	2,520	840	840	-	4,200
Telephone and Utilities	1,119	373	373	-	1,865
Insurance	406	1,040	135	-	1,581
Conferences, Training and Meetings	358	43	93	-	494
Travel	344	115	141	-	600
Grants					
Indiana Disaster Relief	28,387	-	-	-	28,387
1010	2,500	-	-	-	2,500
4Community2	6,591	-	-	-	6,591
Special Event, Day of Caring	1,865	-	-	-	1,865
Youth Leadership	7,719	-	-	-	7,719
Charity Tracker	2,169	-	-	-	2,169
Dollars for Scholars	14,975	-	-	-	14,975
Financial Stability	2,536	-	-	-	2,536
Local and State Affiliation Dues	631	210	210	-	1,051
Depreciation - Note 1	331	67	67	-	465
Miscellaneous	272	92	63	-	427
Subtotal	<u>106,395</u>	<u>27,836</u>	<u>22,080</u>	<u>-</u>	<u>156,311</u>
United Way of America - Dues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,585</u>	<u>2,585</u>
Totals	<u>\$ 222,996</u>	<u>\$ 27,836</u>	<u>\$ 22,080</u>	<u>\$ 2,585</u>	<u>\$ 275,497</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010
(See Independent Auditor's Report)

	2011	2010
Cash Flows from Operating Activities		
Change in Net Assets	\$ (6,956)	\$ 9,149
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	1,038	464
Loss on Dispositions of Property and Equipment - Held for Sale	5,309	-
Loss on Dispositions of Property and Equipment	230	-
In-Kind Donation of Property and Equipment - Held for Sale	-	(10,000)
Increase in Beneficial Asset Held by Foundation	(1,143)	(1,827)
Interest Income Added to Short-Term Investments - Certificates of Deposit	(211)	(565)
(Increase) Decrease in Pledges Receivable - Net	4,831	(9,516)
(Increase) Decrease in Other Receivables	(636)	(126)
(Increase) Decrease in Prepaid Expenses	(941)	(2,326)
Increase (Decrease) in Accounts Payable	(2,698)	817
Increase (Decrease) in Designations Payable - Net	<u>3,725</u>	<u>3,072</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,547</u>	<u>(10,857)</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>(2,675)</u>	<u>(2,626)</u>
Net Cash Provided by (Used in) Investing Activities	<u>2,016</u>	<u>(2,626)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,563	(13,483)
Cash and Cash Equivalents - Beginning of Year	<u>63,398</u>	<u>76,881</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>67,961</u></u>	\$ <u><u>63,398</u></u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Property and Equipment Received as Contribution and Held for Resale	\$ <u><u>-</u></u>	\$ <u><u>10,000</u></u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2011 and 2010
(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	
	2011	2010
Depreciation Expense	\$ <u>1,038</u>	\$ <u>464</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2011 and 2010
(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.

COMPENSATED ABSENCES - Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

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, 2011 and 2010
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2011 and 2010, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$10,655 and \$28,924, respectively. In-kind contributions are as follows:

	2011	2010
Computer Service and Consulting	\$ 1,145	\$ -
Software - Microsoft	8,183	-
Property and Equipment - Held for Sale	-	10,000
Refurbished Computers	-	17,500
Advertising	427	924
Professional Fees	500	500
Office Rent	400	-
	<u>10,655</u>	<u>28,924</u>
Total In-Kind Contributions	\$ <u>10,655</u>	\$ <u>28,924</u>

CONTRIBUTED SERVICES - During the years ended December 31, 2011 and 2010, 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:

	2011	2010
Furniture and Equipment	\$ 9,334	\$ 35,120
Less: Accumulated Depreciation	<u>(4,884)</u>	<u>(32,077)</u>
Total Property and Equipment - Net	\$ <u>4,450</u>	\$ <u>3,043</u>

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

NOTE 3 - INVESTMENTS

The Organization's investments are as follows:

	2011 Fair Value	2010 Fair Value
Certificates of Deposit	\$ <u>24,842</u>	\$ <u>24,631</u>

Investment return is summarized below:

	2011	2010
Interest from Investments and Idle Cash	\$ <u>431</u>	\$ <u>1,017</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:

	2011	2010
Total Beneficial Interest in Jennings County Community Foundation	\$ <u>21,576</u>	\$ <u>20,433</u>

Change in endowment net assets for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Beginning of Year	\$ 23,652	\$ 21,113
Investment Earnings (Includes Interest, Dividends, Realized and Unrealized Gains and Losses, Less Fees)	<u>(371)</u>	<u>2,539</u>
End of Year	\$ <u>23,281</u>	\$ <u>23,652</u>

Jennings County United Way, Inc.
North Vernon, Indiana
Notes to Financial Statements
December 31, 2011 and 2010
(See Independent Auditor's Report)

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 and 2010 are available for the following purposes:

	2011	2010
Time Restriction	\$ 105,342	\$ 100,347
4Community2 Implementation	20,274	34,284
Charity Tracker	4,072	5,792
Dollars for Scholars	877	377
The Peers	89	895
Equipment - To be Sold	-	10,000
1010 Grant	<u>20,683</u>	<u>-</u>
Total	<u>\$ 151,338</u>	<u>\$ 151,695</u>

During the years ended December 31, 2011 and 2010, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2011	2010
Time Restriction	\$ 100,347	\$ 73,078
4Community2 Implementation	14,010	7,008
Charity Tracker	1,720	2,249
Dollars for Scholars	(500)	7,475
The Peers	807	(146)
Equipment - To be Sold	10,000	-
1010 Grant	5,584	-
1010 Collaborative	11,425	-
Indiana Natural Disaster Grant	<u>-</u>	<u>28,387</u>
Total	<u>\$ 143,392</u>	<u>\$ 118,052</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, 2011. The Organization moved at the end of 2011 and has entered into a new month to month lease agreement requiring payments of \$400 per month beginning November 1, 2011. Rent expense was \$5,000 and \$4,200 for the years ended December 31, 2011 and 2010, respectively.

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 \$1,152 and \$1,107 for the years ended December 31, 2011 and 2010, respectively.

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NOTE 8 - TEMPORARILY RESTRICTED NET ASSET CASH BALANCES

At December 31, 2011 and 2010, the cash and cash equivalent balance on the Statements of Financial Position include temporarily restricted net assets totaling \$41,038 and \$81,784, 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.

NOTE 10 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2011 and 2010, 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, 2011 and 2010 are as follows:

	2011	
	Campaign	Receivable
Cummins Foundation	\$ 29,254	\$ -
Jennings County School Corporation	23,015	22,535
Eler Industries, Inc.	16,867	16,867
Total Concentration of Campaign Pledges	\$ 69,136	\$ 39,402
	2010	
	Campaign	Receivable
Cummins Foundation	\$ 25,201	\$ -
Jennings County School Corporation	22,199	21,494
Eler Industries, Inc.	16,068	12,968
Total Concentration of Campaign Pledges	\$ 63,468	\$ 34,461

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NOTE 11 - 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 12 - 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).

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

	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
	2010		
	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ 24,631	\$ -
Beneficial Interest in Jennings County Community Foundation	-	-	20,433
	\$ -	\$ 24,631	\$ 20,433

(Continued)

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NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2011 and 2010:

	2011	2010
Beginning of the Year	\$ 20,433	\$ 18,606
Change in Net Present Value of Beneficial Interest	<u>1,143</u>	<u>1,827</u>
End of Year	<u>\$ 21,576</u>	<u>\$ 20,433</u>

NOTE 13 - 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, 2011 and 2010, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. Effective December 31, 2010, only interest bearing accounts with FDIC insured financial institutions have an insurable balance restriction of \$250,000. At December 31, 2011 and 2010, the Organization had no accounts in excess of the \$250,000. The Organization has not experienced any losses.

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, 2008 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, 2011 and 2010.

NOTE 15 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of September 28, 2012.