

**United Way of Bergen County**

Financial Statements

March 31, 2009 and 2008



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

## Independent Auditors' Report

### To the Board of Directors of United Way of Bergen County

We have audited the accompanying statements of financial position of United Way of Bergen County as of March 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and 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 Bergen County as of March 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 12 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*O'Connor Davies Munns & Dobbins, LLP*

Paramus, New Jersey  
May 15, 2009

# United Way of Bergen County

## Statements of Financial Position

March 31,

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,092,847	\$ 5,837,454
Pledges receivable, net	5,296,120	5,053,234
Notes receivable	872,371	721,000
Prepaid expenses and other assets	854,467	707,952
Beneficial interest in charitable trusts	355,209	370,248
Property and equipment, net	<u>65,339</u>	<u>67,867</u>
	<u>\$ 13,536,353</u>	<u>\$ 12,757,755</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 293,685	\$ 397,955
Designations payable, less allowance of \$609,799 and \$578,409	9,579,874	9,508,581
Other liabilities	27,288	21,873
Pension liability	<u>-</u>	<u>10,000</u>
Total Liabilities	<u>9,900,847</u>	<u>9,938,409</u>
Net assets		
Unrestricted net assets	1,818,166	1,824,024
Temporarily restricted net assets	<u>1,817,340</u>	<u>995,322</u>
Total Net Assets	<u>3,635,506</u>	<u>2,819,346</u>
	<u>\$ 13,536,353</u>	<u>\$ 12,757,755</u>

See notes to financial statements

**United Way of Bergen County**

Statements of Activities

Years Ended March 31,

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>						
Total campaign amounts raised	\$ 1,613,587	\$ 10,152,792	\$ 11,766,379	\$ 1,530,618	\$ 9,682,891	\$ 11,213,509
Less amounts raised on behalf of others	(219,969)	(8,031,677)	(8,251,646)	(131,446)	(8,420,055)	(8,551,501)
Provision for uncollectible pledges	<u>(501,497)</u>	<u>(303,774)</u>	<u>(805,271)</u>	<u>(411,286)</u>	<u>(267,514)</u>	<u>(678,800)</u>
Net Current Year Contributions	892,121	1,817,341	2,709,462	987,886	995,322	1,983,208
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Prior year campaign contributions	1,262,837	(1,262,837)	-	1,574,915	(1,574,915)	-
Less provision for uncollectible pledges	<u>(267,514)</u>	<u>267,514</u>	<u>-</u>	<u>(241,527)</u>	<u>241,527</u>	<u>-</u>
Net Campaign Revenue	1,887,444	822,018	2,709,462	2,321,274	(338,066)	1,983,208
Interest income	147,504	-	147,504	294,473	-	294,473
Other, net	<u>91,904</u>	<u>-</u>	<u>91,904</u>	<u>63,737</u>	<u>-</u>	<u>63,737</u>
Total Public Support and Other Revenue	<u>2,126,852</u>	<u>822,018</u>	<u>2,948,870</u>	<u>2,679,484</u>	<u>(338,066)</u>	<u>2,341,418</u>
<b>ALLOCATIONS AND EXPENSES</b>						
Resource allocations						
Agency allocations	160,739	-	160,739	159,468	-	159,468
Community services	513,102	-	513,102	441,366	-	441,366
Distribution of non-monetary donations	<u>66,485</u>	<u>-</u>	<u>66,485</u>	<u>86,015</u>	<u>-</u>	<u>86,015</u>
	740,326	-	740,326	686,849	-	686,849
Needs assessment and resource allocation expense	<u>411,154</u>	<u>-</u>	<u>411,154</u>	<u>430,213</u>	<u>-</u>	<u>430,213</u>
Total Community Funding	<u>1,151,480</u>	<u>-</u>	<u>1,151,480</u>	<u>1,117,062</u>	<u>-</u>	<u>1,117,062</u>
<b>SUPPORTING SERVICES</b>						
Fund raising expenses	429,256	-	429,256	391,676	-	391,676
Administration expenses	<u>551,974</u>	<u>-</u>	<u>551,974</u>	<u>589,321</u>	<u>-</u>	<u>589,321</u>
	981,230	-	981,230	980,997	-	980,997
Total Allocations and Expenses	<u>2,132,710</u>	<u>-</u>	<u>2,132,710</u>	<u>2,098,059</u>	<u>-</u>	<u>2,098,059</u>
Change in Net Assets	(5,858)	822,018	816,160	581,425	(338,066)	243,359
<b>NET ASSETS</b>						
Beginning of year	<u>1,824,024</u>	<u>995,322</u>	<u>2,819,346</u>	<u>1,242,599</u>	<u>1,333,388</u>	<u>2,575,987</u>
End of year	<u>\$ 1,818,166</u>	<u>\$ 1,817,340</u>	<u>\$ 3,635,506</u>	<u>\$ 1,824,024</u>	<u>\$ 995,322</u>	<u>\$ 2,819,346</u>

See notes to financial statements

**United Way of Bergen County**

Statements of Functional Expenses

Years Ended March 31,

	2009				2008			
	Community Funding	Fund Raising	Administration	Total	Community Funding	Fund Raising	Administration	Total
Resource allocation	\$ 740,326	\$ -	\$ -	\$ 740,326	\$ 686,849	\$ -	\$ -	\$ 686,849
Salaries and wages	256,501	196,078	320,176	772,755	254,517	186,302	329,979	770,798
Employee benefits	49,015	37,469	61,182	147,666	57,585	42,151	74,659	174,395
Payroll taxes	21,357	16,326	26,658	64,341	20,859	15,269	27,044	63,172
Campaign materials	-	35,671	-	35,671	-	29,270	-	29,270
Occupancy	31,943	24,418	39,873	96,234	47,276	34,605	61,294	143,175
Professional fees	13,756	64,991	32,434	111,181	11,787	34,206	15,659	61,652
Equipment rental and maintenance	8,985	6,868	11,216	27,069	9,011	6,596	11,683	27,290
Depreciation and amortization	5,616	4,293	7,011	16,920	5,220	3,821	6,767	15,808
Supplies	4,279	3,271	5,342	12,892	5,153	3,772	6,681	15,606
Postage and mailing	4,229	3,233	5,279	12,741	3,841	2,811	4,979	11,631
Conferences and meetings	5,215	4,662	6,622	16,499	5,064	6,030	6,773	17,867
Telephone	6,115	4,675	7,634	18,424	4,963	3,633	6,435	15,031
Direct mail	-	8,378	-	8,378	-	9,935	-	9,935
Dues	1,950	-	24,608	26,558	1,950	-	30,211	32,161
Other	2,193	18,923	3,939	25,055	2,987	13,275	7,157	23,419
	<u>\$ 1,151,480</u>	<u>\$ 429,256</u>	<u>\$ 551,974</u>	<u>\$2,132,710</u>	<u>\$ 1,117,062</u>	<u>\$ 391,676</u>	<u>\$ 589,321</u>	<u>\$ 2,098,059</u>

See notes to financial statements

## United Way of Bergen County

### Statements of Cash Flows

Years Ended March 31,

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 816,160	\$ 243,359
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	16,920	15,808
Change in beneficial interest in charitable trusts	15,038	14,162
Change in operating assets and liabilities		
Pledges receivable, net	(242,886)	(1,468)
Prepaid expenses and other assets	(297,886)	(490,578)
Accounts payable and accrued expenses	(104,270)	131,000
Designations payable, net	71,293	878,738
Pension liability	(10,000)	(10,000)
Other liabilities	<u>5,415</u>	<u>5,799</u>
Net Cash From Operating Activities	269,784	786,820
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(14,391)</u>	<u>(23,669)</u>
Net Change in Cash and Cash Equivalents	255,393	763,151
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>5,837,454</u>	<u>5,074,303</u>
End of year	<u>\$ 6,092,847</u>	<u>\$ 5,837,454</u>

See notes to financial statements

## United Way of Bergen County

### Notes to Financial Statements

#### 1. Nature of Operations

The United Way of Bergen County (the “Organization”) is an independent, local New Jersey Tax-Exempt Corporation as described in Section 501(c)(3) of the Internal Revenue Code. The Organization is a nonprofit community service agency that provides assistance to individuals in crisis through its 2-1-1 helpline and organizes preventative and long term solutions to community wide issues such as affordable housing and ending chronic homelessness. The Organization raises funds for its programs and services through pledges from individuals in the community, employee workplace contributions, corporate gifts and foundation and government grants.

#### 2. Summary of Significant Accounting Policies

##### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant assumptions and estimates relate to the determination of the allowance for uncollectible pledges and the liability for donor designations. Actual results could differ from those estimates.

##### *Basis of Financial Statement Presentation*

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the 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 restrictions.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time.

##### *Campaign Contributions and Allocations*

Annual campaigns commence in the fall of each year to raise support for charitable distributions to be made after the end of each fiscal year. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for uncollectible amounts.

## United Way of Bergen County

### Notes to Financial Statements

#### 2. Summary of Significant Accounting Policies *(continued)*

##### *Campaign Contributions and Allocations (continued)*

Donors can choose to designate that their contribution be distributed to a specific organization. These contributions are referred to as donor designations. United Way also manages campaigns for corporations with locations outside Bergen County. Undesignated pledges from employees of these corporations who do not reside and/or work in Bergen County will in certain instances be distributed to other regional United Ways. The collection of these contributions and distribution to donor specified agencies or to other regional United Ways are agency transactions in which United Way is acting as an intermediary. These transactions are not reported in the statement of activities and changes in net assets as revenue and expenses but are included in the total campaign amounts raised on the statement of activities and then deducted as amounts raised on behalf of others before arriving at net current year contributions.

Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets. This reclassification is reported as net assets released from restrictions.

##### *Cash Equivalents*

The Organization considers securities with maturities of three months or less at the time of purchase to be cash equivalents.

##### *Property and Equipment*

Property and equipment are recorded at cost, or fair value with respect to donated items. Depreciation and amortization are calculated on the straight-line method based upon an estimated life of three to ten years.

##### *In-Kind Contributions*

The Organization organizes specific charitable campaigns where contributors are requested to donate non-money items such as food, clothing or toys. In addition, the Organization receives donations of products and services from corporate donors. These contributions are recorded at their estimated fair market value at their date of donation. The estimated fair value of such products and services received in fiscal 2009 and 2008 was \$71,308 and \$89,699.

## United Way of Bergen County

### Notes to Financial Statements

#### 2. Summary of Significant Accounting Policies *(continued)*

##### *In-Kind Contributions (continued)*

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

##### *Allocation of Expenses*

The Organization allocates total costs to the various functional expenses categories. This allocation is based primarily on employee time incurred in each respective functional expense category.

##### *Accounting for Uncertainty in Income Taxes*

The Organization's current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

#### 3. Notes Receivable

The Organization provides financing to various community service agencies primarily to assist them in facilitating the acquisition of property and the construction of affordable housing. Notes bear interest at 3-5%, are secured by property and mature at various times through May 2014.

#### 4. Pledges Receivable

Pledges receivable at March 31, 2009 and 2008 consist of pledges to the Organization, and pledges that have been designated by donors for other charitable agencies or organizations. Designated pledges receivable of \$3,072,751 at March 31, 2009 and \$3,151,645 at March 31, 2008 will be paid to the donor-designated agencies when the pledges are collected by United Way. All pledges outstanding are expected to be received within one year. The allowance for uncollectible pledges for the years ending March 31, 2009 and 2008 were \$1,311,396 and \$1,135,917, respectively.

## United Way of Bergen County

### Notes to Financial Statements

#### 5. Beneficial Interest in Charitable Trusts

In August 1997, three irrevocable charitable lead trusts were established for the benefit of the Organization. Under the terms of the trust agreements, the Organization will receive an annuity equal to a percentage of the initial fair market value of the trusts as of the valuation date. Annuity payments will be made for a term of 25 years for two of the trusts and 30 years for the remaining trust. Distributions from the three trusts discounted at a rate of 6.07% for the 25 year trusts and 5.97% for the 30 year trust, are expected to be realized in the following periods:

Within one year	\$ 46,435
Between one to five years	148,593
More than five years	<u>355,002</u>
	550,030
Less discount to present value	<u>194,821</u>
	<u>\$ 355,209</u>

#### 6. NJ 2-1-1 Partnership

The Organization has been contracted by the NJ 2-1-1 Partnership, a subsidiary of the United Ways of New Jersey, to coordinate the cash receipts and payments related to grants received from New Jersey's Department of Human Services to integrate its "One-Ease-E-Link" database with the NJ 2-1-1 Partnership database and establish and maintain 2-1-1 information and referral services on a statewide basis. Activities for the years ending March 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Beginning of year	\$ 439,437	\$ 25,504
Cash received	601,075	896,407
Disbursements	<u>479,970</u>	<u>482,474</u>
End of year	<u>\$ 560,542</u>	<u>\$439,437</u>

These amounts are included in prepaid expenses and other assets for the years ending March 31, 2009 and 2008, respectively.

## United Way of Bergen County

### Notes to Financial Statements

#### 7. Rental Commitments

The Organization leases office space under a noncancelable five-year lease expiring on May 31, 2012 and certain office equipment under noncancelable leases expiring in fiscal 2011. Rental expense amounted to approximately \$89,942 and \$137,000 for the years ended March 31, 2009 and 2008, respectively.

The approximate minimum rental commitment for the office space and equipment under all noncancelable-operating leases in effect at March 31, 2009 is as follows:

2010	\$ 90,079
2011	87,727
2012	79,885
2013	12,876

#### 8. Property and Equipment

Property and equipment consist of the following as of March 31:

	<u>2009</u>	<u>2008</u>	<u>Depreciable Life</u>
Equipment	\$ 237,117	\$ 227,500	3-5 years
Leasehold improvements	<u>15,850</u>	<u>11,075</u>	5 years
	252,967	238,575	
Less accumulated depreciation and amortization	<u>(187,628)</u>	<u>(170,708)</u>	
	<u>\$ 65,339</u>	<u>\$ 67,867</u>	

## United Way of Bergen County

### Notes to Financial Statements

#### **9. Retirement Plan**

Eligible employees participate in a defined contribution retirement plan (the "Plan") maintained by Mutual of America. The contribution to the Plan is 8% of eligible employees' compensation. Plan expense amounted to approximately \$51,000 and \$56,000 for the years ended March 31, 2009 and 2008, respectively.

#### **10. Federal Emergency Management Agency ("FEMA")**

The Organization administers an award program under the Emergency Food and Shelter Program. The Organization is responsible for promoting the availability of these funds, reviewing applications and recommending recipient organizations to be funded. Disbursement of funds is made by FEMA directly to the recipient organization. FEMA awards during the years ended March 31, 2009 and 2008 totaled approximately \$424,000 and \$344,000, respectively. These awards are not included in the statements of activities and changes in net assets.

#### **11. Bank Line of Credit**

The Organization maintains a \$500,000 line of credit agreement with a bank. There were no borrowings under this credit agreement for the year ended March 31, 2009. The line of credit is uncollateralized and is available through November 30, 2009. The interest rate on borrowings is variable and payable at the bank's prime lending rate. A member of the United Way's Board of Directors is an officer with the lending institution.

#### **12. Concentrations of Credit Risk**

Financial instruments which potentially subject the organization to concentrations of credit risk consist principally of pledges receivable and cash. There were four entities in 2009 and 2008 whose combined corporate and employee pledges individually exceed 5% of total campaign amounts raised for each respective year.

Cash and cash equivalents are maintained at high quality financial institutions and periodically exceed federally insured amounts.

The Supplementary Schedule of Change in Net Assets contained on page 12 is presented for analysis purposes only. Public support and other revenues, investment in charitable programs and supporting services expenses have been arranged to facilitate the presentation of key operating ratios for United Way of Bergen County

## United Way of Bergen County

### Supplementary Schedule of Change in Net Assets

Years Ended March 31,

	2009		2008	
	Amount	%	Amount	%
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>				
Campaign revenue raised	\$ 11,766,379		\$ 11,213,509	
Government grants	424,227		343,706	
Interest	147,504		294,473	
Other, net	91,904		63,737	
Less: Provision for uncollectible pledges	(805,271)		(678,800)	
Total Public Support and Other Revenues	11,624,743	100.0%	11,236,625	100.0%
<b>INVESTMENT IN CHARITABLE PROGRAMS</b>				
Amounts distributed on behalf of others	8,251,646		8,551,501	
Allocations to community programs	740,326		686,849	
Allocation of government grant funds	424,227		343,706	
Program related expense	411,154		430,213	
Total Investment in Charitable Programs	9,827,353	84.5%	10,012,269	89.1%
<b>SUPPORTING SERVICES EXPENSES</b>				
Fund raising expense	429,256		391,676	
Administration expense	551,974		589,321	
Total Supporting Services Expenses	981,230	8.4%	980,997	8.7%
Total Charitable Investments and Expenses	10,808,583	93.0%	10,993,266	97.8%
Change in Net Assets	\$ 816,160	7.0%	\$ 243,359	2.2%

See independent auditors' report