

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND JUNE 30, 2011**

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# *Haliday, Bair & Hux, P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

400 Webster Street

Leesburg, Florida 34748

Tel. 352/787-3445 Fax 352/787-3493

*Alfred C. Haliday, Jr.  
Vicki S. Bair  
Marshall H. Hux*

*Members  
American Institute of  
Certified Public Accountants  
Florida Institute of  
Certified Public Accountants*

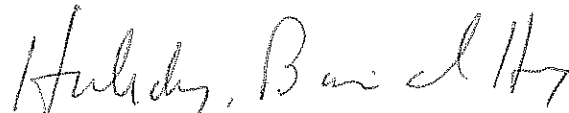
## Independent Auditors' Report

Board of Directors  
United Way of Lake and  
Sumter Counties, Inc.  
Leesburg, Florida

We have audited the accompanying consolidated statement of financial position of United Way of Lake and Sumter Counties, Inc. (a non-profit corporation) and Lake and Sumter Counties United Way Foundation, Inc., as of June 30, 2012 and June 30, 2011 and the related consolidated statements of support and revenue, expenses, and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lake and Sumter Counties, Inc. and Lake and Sumter United Way Foundation, Inc. as of June 30, 2012 and June 30, 2011 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.



October 31, 2012

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2011

	06/30/12		06/30/11	
	Unrestricted	Temporarily Restricted	Total	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 624,193	\$ 257,560	\$ 881,753	\$ 914,124
Prepaid Expenses	1,399		1,399	3,397
Deposits	5,525		5,525	3,525
Investments	41,284		41,284	213,982
Contribution Receivable-Trust		443,497	443,497	-
Unconditional Promises to Give:				
Net of uncollectible				
Allowance of \$109,139		413,238	413,238	389,674
			-	
<b>Total Current Assets</b>	<b>672,401</b>	<b>1,114,295</b>	<b>1,786,696</b>	<b>1,524,702</b>
<b>Noncurrent Assets</b>				
Investments	490,603		490,603	-
Equipment, Furniture and Leasehold				
Net of Accumulated Depreciation				
of \$19,144 (Note 1)	14,985		14,985	16,996
<b>Total Noncurrent Assets</b>	<b>505,588</b>	<b>-</b>	<b>505,588</b>	<b>16,996</b>
<b>Total Assets</b>	<b>\$ 1,177,989</b>	<b>\$ 1,114,295</b>	<b>\$ 2,292,284</b>	<b>\$ 1,541,698</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 31,679		\$ 31,679	\$ 18,892
Designated Contributions Payable	685	\$ 121,143	121,828	136,106
Allocations Payable	525,000		525,000	350,000
<b>Total Current Liabilities</b>	<b>557,364</b>	<b>121,143</b>	<b>678,507</b>	<b>504,998</b>
<b>Net Assets</b>	<b>620,625</b>	<b>993,152</b>	<b>1,613,777</b>	<b>1,036,700</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,177,989</b>	<b>\$ 1,114,295</b>	<b>\$ 2,292,284</b>	<b>\$ 1,541,698</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF SUPPORT AND REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2011

	06/30/12			06/30/11
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue				
Current Year Campaign Contributions				
Net of Uncollectibles of \$100,424	\$ 535,445	\$ 538,426	\$ 1,073,871	\$ 977,999
Contribution- Trust	13,273	443,497	456,770	
Grant Income	68,550	5,750	74,300	67,086
Energy Program	38,239		38,239	37,311
Investment Return	9,959		9,959	5,077
Special Event, Net of Costs	30,272	-	30,272	27,552
Sponsorship Revenue	12,419		12,419	-
Miscellaneous, Net of Costs	10,585		10,585	1,060
Total Contributions and Revenues	<u>718,742</u>	<u>987,673</u>	<u>1,706,415</u>	<u>1,116,085</u>
Net Assets Released from Restrictions				
Prior year Campaign Contributions	<u>545,082</u>	<u>(545,082)</u>		
Total Public Support and Revenue	1,263,824	442,591	1,706,415	1,116,085
Allocations and Expenses				
Allocations to Agencies and				
Participating Groups	611,410		611,410	405,674
Unallocated Payments to Affiliates	13,086		13,086	11,993
Total Allocations	<u>624,496</u>	<u>-</u>	<u>624,496</u>	<u>417,667</u>
Functional Expenses				
Program services				
Financial Stability	112,918		112,918	105,653
211 Program	75,800		75,800	64,125
Agencies and Other	53,574		53,574	64,585
Total Program Services	<u>242,292</u>	<u>-</u>	<u>242,292</u>	<u>234,363</u>
Supporting Services				
Fund Raising	130,902		130,902	96,389
Management and General	131,648		131,648	110,947
Total Supporting Services	<u>262,550</u>	<u>-</u>	<u>262,550</u>	<u>207,336</u>
Total Functional Expenses	<u>504,842</u>	<u>-</u>	<u>504,842</u>	<u>441,699</u>
Total Allocations and Functional Expenses	1,129,338	-	1,129,338	859,366
Change in Net Assets	134,486	442,591	577,077	256,719
Net Assets, Beginning of Year	<u>486,139</u>	<u>550,561</u>	<u>1,036,700</u>	<u>779,981</u>
Net Assets, End of Year	<u>\$ 620,625</u>	<u>\$ 993,152</u>	<u>\$ 1,613,777</u>	<u>\$ 1,036,700</u>

The Accompanying Notes are an Integral  
Part of These Financial Statements

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2011

	06/30/12	06/30/11
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 577,077	\$ 256,719
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	4,422	4,832
Increase(Decrease) in Accounts Payable and Accrued Expenses	12,787	(1,731)
Increase in Allocations Payable	175,000	17,421
Increase(Decrease) in Designated Contributions Payable	(14,278)	72,991
(Increase) in Unconditional Promise to Give-Campaign	(23,564)	(82,661)
(Increase) in Contribution Receivable-Trust	(443,497)	-
(Increase)Decrease in Deposits	(2,000)	1,175
Decrease in Prepaid Expenses	1,998	1,845
Net Cash Provided by Operating Activities	287,945	270,591
Cash Provided (Used) in Investing Activities		
Investments	(317,905)	(53,229)
Equipment, Furniture and Leasehold Expenditure	(2,411)	(5,646)
Proceeds from Sale of Investments	-	82,450
Net Cash Provided (Used) in Investing Activities	(320,316)	23,575
Net Increase (Decrease) in Cash	(32,371)	294,166
Cash Beginning of Year	914,124	619,958
Cash End of Year	\$ 881,753	\$ 914,124

The Accompanying Notes are an Integral  
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THE UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2011

	06/30/12										06/30/11		
	Program Services					Supporting Services					Total Services	Total Services	
	Financial Stability	211 Program	Agencies and Other	Total Program	Fund Raising	Management & General	Total Supporting	Total Services	Total Services				
<b>Employee Compensation</b>													
Salaries	\$ 42,164	\$ 7,971	\$ 20,082	\$ 70,217	\$ 69,050	\$ 82,909	\$ 151,959	\$ 222,176	\$ 213,588				\$ 213,588
Payroll Taxes	3,197	605	1,523	5,325	5,236	6,288	11,524	16,849	15,823				15,823
Retirement	2,142	405	1,021	3,568	3,510	4,213	7,723	11,291	9,024				9,024
Insurance	7,965	1,506	3,793	13,264	13,044	15,661	28,705	41,969	37,411				37,411
<b>Total Employee Compensation</b>	<b>55,468</b>	<b>10,487</b>	<b>26,419</b>	<b>92,374</b>	<b>90,840</b>	<b>109,071</b>	<b>199,911</b>	<b>292,285</b>	<b>275,846</b>				
<b>Other Expenses</b>													
Advertising	1,500	-	-	1,500	3,357	-	3,357	4,857	1,442				1,442
Insurance	740	136	358	1,234	1,411	882	2,293	3,527	3,614				3,614
Professional Fees	2,872	527	1,388	4,787	5,470	3,419	8,889	13,676	6,071				6,071
Supplies	30,911	180	453	31,544	2,391	1,130	3,521	35,065	23,956				23,956
Contract Services	-	60,795	-	60,795	-	-	-	60,795	52,583				52,583
Postage	529	97	254	880	1,006	630	1,636	2,516	2,794				2,794
Printing	1,221	231	582	2,034	1,791	1,119	2,910	4,944	6,214				6,214
Rental and Maintenance	614	116	293	1,023	1,169	730	1,899	2,922	374				374
Occupancy	6,232	1,143	3,013	10,388	11,871	7,420	19,291	29,679	29,168				29,168
Telephone	2,631	214	538	3,383	2,149	1,343	3,492	6,875	8,727				8,727
Travel	1,622	297	782	2,701	3,087	1,929	5,016	7,717	10,368				10,368
Sponsorship Expenses	-	-	16,349	16,349	-	-	-	16,349	3,037				3,037
Training	5,446	651	1,639	7,736	-	-	-	7,736	-				-
Other Expenses	2,411	441	1,165	4,017	4,591	2,869	7,460	11,477	12,673				12,673
<b>Total Other Expenses</b>	<b>56,729</b>	<b>64,828</b>	<b>26,814</b>	<b>148,371</b>	<b>38,293</b>	<b>21,471</b>	<b>59,764</b>	<b>208,135</b>	<b>161,021</b>				
<b>Total Expenses Before Depreciation</b>	<b>112,197</b>	<b>75,315</b>	<b>53,233</b>	<b>240,745</b>	<b>129,133</b>	<b>130,542</b>	<b>259,675</b>	<b>500,420</b>	<b>436,867</b>				
Depreciation	721	485	341	1,547	1,769	1,106	2,875	4,422	4,832				4,832
<b>Total Functional Expenses</b>	<b>\$ 112,918</b>	<b>\$ 75,800</b>	<b>\$ 53,574</b>	<b>\$ 242,292</b>	<b>\$ 130,902</b>	<b>\$ 131,648</b>	<b>\$ 262,550</b>	<b>\$ 504,842</b>	<b>\$ 441,699</b>				

The Accompanying Notes are an Integral  
Part of These Financial Statements

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

This summary of significant accounting policies of United Way of Lake and Sumter Counties, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Business

United Way of Lake and Sumter Counties, Inc. is a non-profit agency committed to raising funds through an annual campaign fund drive to help support other non-profit agencies within the community of Lake and Sumter Counties, Florida. All funds are allocated through a volunteer allocation committee of the organization to be disbursed to the various agencies for the July through June period.

The organization's programs include assistance in funding a human care network whereby families within the surrounding county area are provided food through various distribution centers and a prosperity program which provides free tax preparation service for federal income tax returns for those individuals that meet certain parameters. These programs are reflected in the statement of functional expenses under financial stability.

The organization also responds to the human services needs within the Lake and Sumter counties. The United Way facilitates the integration of the social service system within the counties providing a forum for social service providers, funders and customers to store and access information to meet each of their needs. The United Way developed a telephone information service known as 2-1-1 Community Information and Referral (2-1-1). The Public Service Commission has designated 2-1-1 as the three digit dialing code nationwide for access to community human service information and referral.

Lake and Sumter Counties United Way Foundation is a non-profit organization committed to provide continuing support for the United Way of Lake and Sumter Counties, Inc.

Principles of Consolidation

The consolidated financial statements of the United Way of Lake and Sumter Counties, Inc. include the Lake and Sumter Counties United Way Foundation, Inc. Both entities have common directors and the foundation supports the United Way, thus the statements are consolidated. All significant inter-organization balances and transactions have been eliminated in consolidation.



UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No.117, Financial Statements for Not-for-Profit Organizations. Under SFAS No.117, the organization is required to report information regarding its financial position and support and revenue, and expenses according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. No permanently restricted net assets were held during the period ended June 30, 2012 and June 30, 2011 and accordingly, these financial statements do not reflect any activity related to this class of net assets for June 30, 2012 and June 30, 2011.

Contributions and Pledges Receivable

Pledges less an allowance for uncollectible amounts, based on actual experience rates, are recorded as support in the year made. Contributions received for future years are recorded as temporarily restricted net assets. When that restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Furniture

No amounts have been reported in the financial statements for donated services other than those that are considered professional in nature. A substantial number of volunteers have donated significant amounts of their time in the organization's fund raising campaigns and administration. Donated furniture is reflected as contributions in the accompanying statements at estimated fair market value at date of receipt.

Equipment, Furniture and Fixtures

Equipment, furniture and fixtures are recorded at cost. Depreciation is computed under the straight-line method at rates based on an estimated useful life of five years for equipment, furniture and fixtures. It is the organization's policy to capitalize equipment, furniture and fixtures costing over \$200.00. Lesser amounts are expensed.

Functional Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates of time spent on each function. These estimates have been made by the Organization's management.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Tax Exempt Status

The Organizations are exempt from Federal Income Tax under Section 501(c) (3) of the U. S. Internal Revenue Code and neither one are private foundations.

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. Actual results could differ from those estimates.

Subsequent Events

The organization has evaluated transactions after year end up to the date of the report of October 31, 2012 and has determined that no additional transactions or disclosures are necessary as a result of that evaluation.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows.

Designated Transfers

Transfers from donors that are designated for other non-profit entities are treated as liabilities when received under the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 136, accounting for transfers that are not contributions. These are reflected in the financial statements as designated contributions payable.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts at a high quality financial institution. The balance, at times, may exceed federally insured limits which are \$250,000 for each interest bearing account. At June 30, 2012 these limits were exceeded by \$398,178.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 2- INVESTMENTS:**

Investments are stated at fair value. Fair Values at June 30, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Certificates of Deposit	\$522,087	\$213,982
Common Stock	<u>9,800</u>	<u>-</u>
	<u>\$531,887</u>	<u>\$213,982</u>

The investments in common stock are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could affect the amounts reported in the financial statements of the Organization.

The net investment income at June 30, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Interest and Dividends	\$ 10,574	\$ 5,077
Unrealized Loss on Investment	<u>(615)</u>	<u>-</u>
	<u>\$ 9,959</u>	<u>\$ 5,077</u>

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Financial Accounting Standards Board Account Standards Codification, ASC 820, Fair Value Measurements and Disclosures defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in UWLS's principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date

The Statement establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; 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 a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:**

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement of the hierarchy.

The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs). Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level II. Fair value of privately held debt, and equity securities, including venture capital investments, are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level III. Such methodologies include reviewing the value ascribed to the most recent financing, comparing the security with securities of publicly traded companies in a similar line of business, and reviewing the underlying financial performance including estimated discounted cash flows.

The following table summarizes fair value measurement by level at June 30, 2012 and 2011 for investments measured at fair value on a recurring basis:

	<b>2012</b>			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level II)	Unobservable Inputs (Level III)	Total
Certificate of Deposit	\$ 522,087	\$ -	\$ -	\$ 522,087
Common Stock	9,800	-	-	9,800
	<u>\$ 531,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,887</u>

	<b>2011</b>			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level II)	Unobservable Inputs (Level III)	Total
Certificate of Deposit	\$ 213,982	\$ -	\$ -	\$ 213,982

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 4 - LEASE AGREEMENT:**

The United Way's facilities are leased under a noncancelable operating lease expiring June 30, 2013. As of June 30, 2012, the following schedule reflects the future minimum rental payments required under this lease:

Year Ending <u>June 30</u> 2013	<u>Amount</u> \$24,000
---------------------------------------	---------------------------

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS:**

The temporarily restricted net assets of the Organization are contributions with donor imposed stipulations. These stipulations are removed with the passage of time for current campaign contributions, which are contributions raised for the next calendar year or by expending the donated funds for the purpose specified. Temporarily restricted net assets consisted of the following:

	6/30/2012	6/30/2011
Unconditional Promise to Give-Current Campaign	\$510,483	\$545,508
Unconditional Promise to Give-Future Campaign	27,058	-
Disaster Program Special Situations	5,479	5,479
Grants	6,635	-
Contribution Receivable-Trust	443,497	-
Total	\$993,152	\$550,651

**NOTE 6 – UNRESTRICTED NET ASSETS:**

Unrestricted net assets are available for the following purposes:

	6/30/2012	6/30/2011
General Operating	\$ 520,625	\$ 386,139
Board Designated Reserve	100,000	100,000
	\$ 620,625	\$ 486,139

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 7 - RELATED PARTIES:**

Lake and Sumter Counties United Way Foundation (United Way Foundation) is a separate not-for-profit organization with a board of directors composed of members from the United Way of Lake and Sumter Counties, Inc. board. The Foundation was formed in January 1985 for the purpose of supporting the United Way of Lake and Sumter Counties, Inc.

A summary of assets and liabilities of the Lake and Sumter Counties United Way Foundation as of June 30, 2012, is as follows:

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 93,839
Investment	62,547
Contribution Receivable-Trust	<u>443,497</u>
	<u>\$ 599,883</u>
<u>NET ASSETS</u>	
Unrestricted-Net Assets	\$156,396
Temporarily Restricted-Net Assets	<u>443,497</u>
Total Net Assets	<u>\$599,883</u>

A condensed summary of operations for the year ended June 30, 2012, is as follows:

Contributions	\$456,770
Investment Return	1,180
Unrealized loss on Investment	(615)
Expenditures	<u>(195)</u>
Change in Net Assets	457,140
Net Assets, July 1, 2011	<u>142,743</u>
Net Assets, June 30, 2012	<u>\$599,883</u>

**NOTE 8 – FAIR VALUES OF FINANCIAL INSTRUMENTS:**

The methods and assumptions used to value the Organization's financial instruments at fair value are set forth below:

Cash – carrying amounts for cash approximate fair value.

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012 and 2011

**NOTE 8 – FAIR VALUES OF FINANCIAL INSTRUMENTS, continued:**

Money Market Funds – carrying amounts for Money Market Funds approximate fair value.

Unconditional Promise to Give – carrying amounts for unconditional promises to give approximate fair value.

**NOTE 9 – UNCONDITIONAL PROMISE TO GIVE CONCENTRATION:**

The organization for the pledge campaign year of 2011/2012 had temporarily restricted promises to give of \$522,377. One donor accounted for \$296,756 or 57% of this amount.

**NOTE 10 - TAX DEFERRED GROUP ANNUITY:**

The organization established a tax deferred group annuity contract or a 403(b) Thrift plan with Mutual of America Life Insurance Company effective February 1, 2004. Participants can defer amounts under the law through this contract. At June 30, 2012 and June 30, 2011, three employees participated in this contract.

a) Eligibility – The plan covers any employee for employee contributions. All employees that are at least 18 years of age are eligible for matching contributions and employer base contributions. In addition employees must have been employed for 12 months and work at least 30 hours per week.

b) Funding Policy – The Organization contributes 3% of the annual compensation, as defined in the contract, of each eligible participant to Mutual of America on a monthly basis. In addition the Organization matches 100% of employee contributions up to 3% of compensation.

c) Vesting – Employees are 100% vested in their contributions. Employer contributions are vested at a rate of 20% per year with full vesting after five years of service.

d) Loans- Participants can borrow 50% of their vested balances up to \$50,000. Loans must be repaid within five years.

**NOTE 11 – CONTRIBUTION RECEIVABLE – TRUST**

The United Way is the 10% remainder beneficiary of the Marjorie E. Hockett Trust. This receivable is valued at 10% of the value of the trust as of the end of June 2012. The gift is restricted for the explicit use for the Family Emergency Services of the United Way of Lake and Sumter Counties, Inc.