

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

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Anderson, Indiana
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TEIPEN, SELANDERS, POYNTER & AYRES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT C. TEIPEN, C.P.A.
MICHAEL A. POYNTER, C.P.A.
JOHN J. (JEFF) THOMAS, C.P.A.

7340 E. 82nd Street, Suite A
Indianapolis, IN 46256

V. SCOTT SELANDERS, C.P.A.
THOMAS G. AYRES, C P A.
JASON KIENINGER, C P.A

(317) 598-6700
FAX (317) 598-6701
www.teipencpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Madison County, Indiana, Inc.
Anderson, Indiana

We have audited the accompanying Statements of Financial Position of United Way of Madison County, Indiana, Inc., a not-for-profit organization, as of December 31, 2010 and 2009 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Madison County, Indiana, Inc. as of December 31, 2010 and 2009, and the changes in its net assets, functional expenses and 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

March 25, 2011

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Financial Position
As of December 31, 2010 and 2009
(See Independent Auditor's Report)

Assets	2010	2009
Cash and Cash Equivalents - Note 1	\$ 179,451	\$ 350,982
Pledges Receivable - 2010 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$51,165 - Note 1	232,719	-
Pledges Receivable - 2009 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$73,032 and \$78,405 - Note 1	4,723	284,779
Short-Term Investments - Notes 1 and 4	356,899	350,000
Grants Receivable	25,002	18,679
Accounts Receivable	2,400	2,600
Prepaid Expenses	4,882	27,598
Distributions Receivable from Community Foundation	42,373	73,053
Property and Equipment - Net of Accumulated Depreciation of \$121,580 and \$118,102 - Notes 1 and 2	2,443	5,921
Beneficial Interest in Community Foundation Funds - Note 3	322,608	434,281
Investments - Notes 1 and 4	1,269,979	1,130,449
	<u>1,269,979</u>	<u>1,130,449</u>
Total Assets	\$ 2,443,479	\$ 2,678,342
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 7,893	\$ 25,333
Grants Payable	241	60
Accrued Expenses Payable	41,260	3,216
Distributions Payable	82,809	91,570
Designations Payable - 2010 Campaign	69,053	-
Designations Payable - 2009 Campaign	36,127	108,976
Designations Payable - 2008 Campaign	-	43,853
	<u>237,384</u>	<u>273,008</u>
Total Liabilities	237,384	273,008
Net Assets - Notes 1, 3, 5 and 10		
Unrestricted	1,312,552	1,366,975
Temporarily Restricted	570,936	604,076
Permanently Restricted	322,608	434,281
	<u>2,206,095</u>	<u>2,405,333</u>
Total Net Assets	2,206,095	2,405,333
Total Liabilities and Net Assets	\$ 2,443,479	\$ 2,678,342

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement 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				
Gross Campaign Results	\$ 14,492	\$ 519,031	\$ -	\$ 533,523
Donor Designations	(25,536)	(78,780)	-	(104,316)
Recovery of (Provision for) Uncollectible Pledges	<u>74,837</u>	<u>(51,165)</u>	-	<u>23,672</u>
Net Campaign Results	63,793	389,086	-	452,879
Designations from Other United Ways	40,276	132	-	40,408
Service Fees	(103)	9,665	-	9,562
Grants	42,331	-	-	42,331
In Kind - Note 1	5,526	-	-	5,526
Special Events	85,771	-	-	85,771
Meetings and Workshops	4,980	-	-	4,980
Sponsorship	9,500	-	-	9,500
Contributions	207,000	-	-	207,000
Covering Kids and Families	70,938	-	-	70,938
RSVP	45,906	-	-	45,906
Other	5,000	-	-	5,000
Interest - Short Term Investments - Note 4	8,353	-	-	8,353
Return on Investments - Net - Note 4	140,105	-	-	140,105
Beneficial Interest in Community Foundation Funds	1,931	-	(111,673)	(109,742)
Miscellaneous	985	1,908	-	2,893
Net Assets Released from Restriction	<u>433,932</u>	<u>(433,932)</u>	-	<u>-</u>
Total Support and Revenue	<u>1,166,224</u>	<u>(33,141)</u>	<u>(111,673)</u>	<u>1,021,411</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	535,189	-	-	535,189
Other Program Services	<u>439,760</u>	-	-	<u>439,760</u>
Total Program Services	<u>974,949</u>	-	-	<u>974,949</u>
Support Services				
Management and General	133,167	-	-	133,167
Fundraising	104,885	-	-	104,885
Unallocated Payments to Affiliated Organization - UWA Dues	<u>7,647</u>	-	-	<u>7,647</u>
Total Support Services	<u>245,699</u>	-	-	<u>245,699</u>
Total Expenses	<u>1,220,648</u>	-	-	<u>1,220,648</u>
Change in Net Assets	(54,424)	(33,141)	(111,673)	(199,238)
Net Assets - Beginning of Year	<u>1,366,975</u>	<u>604,076</u>	<u>434,281</u>	<u>2,405,333</u>
Net Assets - End of Year	<u>\$ 1,312,552</u>	<u>\$ 570,936</u>	<u>\$ 322,608</u>	<u>\$ 2,206,095</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2009
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Gross Campaign Results	\$ 11,158	\$ 567,331	\$ -	\$ 578,489
Donor Designations	(24,184)	(123,451)	-	(147,635)
Recovery of (Provision for) Uncollectible Pledges	<u>31,280</u>	<u>(78,405)</u>	-	<u>(47,125)</u>
Net Campaign Results	18,253	365,475	-	383,729
Designations from Other United Ways	57,630	-	-	57,630
Service Fees	1,588	14,704	-	16,292
Grants	35,222	84,786	-	120,008
In Kind - Note 1	40,525	46,345	-	86,870
Special Events	111,325	-	-	111,325
Meetings and Workshops	2,300	-	-	2,300
Sponsorship	800	-	-	800
Contributions and Bequests	179,588	-	-	179,588
Covering Kids & Families	26,549	-	-	26,549
RSVP	1,656	-	-	1,656
Other	9,814	-	-	9,814
Interest - Short Term Investments - Note 4	8,399	-	-	8,399
Return on Investments - Net - Note 4	205,359	-	-	205,359
Beneficial Interest in Community Foundation Funds	74,749	-	7,835	82,584
Miscellaneous	2,275	-	-	2,275
Net Assets Released from Restriction	<u>501,586</u>	<u>(501,586)</u>	-	<u>-</u>
Total Support and Revenue	<u>1,277,618</u>	<u>9,724</u>	<u>7,835</u>	<u>1,295,178</u>
Program and Support Services				
Program Services				
Gross Funds Distributed	579,422	-	-	579,422
Other Program Services	<u>435,391</u>	-	-	<u>435,391</u>
Total Program Services	<u>1,014,813</u>	-	-	<u>1,014,813</u>
Support Services				
Management and General	144,911	-	-	144,911
Fundraising	112,687	-	-	112,687
Unallocated Payments to Affiliated Organization - UWA Dues	<u>5,836</u>	-	-	<u>5,836</u>
Total Support Services	<u>263,434</u>	-	-	<u>263,434</u>
Total Expenses	<u>1,278,247</u>	-	-	<u>1,278,247</u>
Change in Net Assets	(630)	9,724	7,835	16,931
Net Assets - Beginning of Year	<u>1,367,605</u>	<u>594,352</u>	<u>426,446</u>	<u>2,388,402</u>
Net Assets - End of Year	<u>\$ 1,366,975</u>	<u>\$ 604,076</u>	<u>\$ 434,281</u>	<u>\$ 2,405,333</u>

United Way of Madison County, Indiana, Inc.
Anderson, 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 8	\$ 535,189	\$ -	\$ -	\$ -	\$ 535,189
Salaries and Wages	143,229	46,580	35,823	-	225,632
Payroll Taxes and Benefits	44,815	19,754	15,193	-	79,762
Total Personnel	<u>188,044</u>	<u>66,334</u>	<u>51,016</u>	-	<u>305,394</u>
Processing and Accounting Service	-	26,520	-	-	26,520
Professional Fees	5,374	12,104	272	-	17,750
Contract Service Fees	-	-	524	-	524
Campaign	-	-	12,993	-	12,993
Marketing and Advertising	1,451	2,494	3,765	-	7,710
Printing and Publications	5,285	2,467	-	-	7,752
Postage	1,500	1,192	940	-	3,632
Office Supplies	1,560	1,650	1,061	-	4,271
Office Rent	10,702	3,311	2,547	-	16,560
Telephone and Utilities	5,427	3,733	2,970	-	12,130
Repairs and Maintenance	427	1,143	879	-	2,449
Insurance	2,124	1,200	923	-	4,247
Conferences, Training and Meetings	6,606	4,725	4,063	-	15,394
Travel	4,129	1,282	561	-	5,972
Grant Expense	48,806	-	-	-	48,806
Special Events	71,814	-	19,913	-	91,727
Community Programs	14,251	-	-	-	14,251
UCAP	55,000	-	-	-	55,000
1010	5,000	-	-	-	5,000
RSVP	3,613	-	-	-	3,613
State and Local Dues	1,297	1,108	852	-	3,257
Depreciation	1,301	1,231	946	-	3,478
Miscellaneous	6,049	2,673	660	-	9,382
Subtotal	<u>439,760</u>	<u>133,167</u>	<u>104,885</u>	-	<u>677,812</u>
United Way of America Dues	-	-	-	7,647	7,647
Totals	<u>\$ 974,949</u>	<u>\$ 133,167</u>	<u>\$ 104,885</u>	<u>\$ 7,647</u>	<u>\$ 1,220,648</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2009
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 8	\$ 579,422	\$ -	\$ -	\$ -	\$ 579,422
Salaries and Wages	94,970	55,431	38,299	-	188,700
Payroll Taxes and Benefits	21,759	17,093	11,811	-	50,663
Total Personnel	<u>116,729</u>	<u>72,524</u>	<u>50,110</u>	-	<u>239,363</u>
Processing and Accounting Service	-	26,820	-	-	26,820
Professional Fees	5,319	6,403	878	-	12,600
Contract Service Fees	-	-	1,661	-	1,661
Campaign	-	-	13,007	-	13,007
Marketing and Advertising	40,408	1,288	6,760	-	48,456
Printing and Publications	5,042	4,953	-	-	9,995
Postage	1,107	1,163	837	-	3,107
Office Supplies	1,137	1,662	983	-	3,782
Office Rent	7,730	5,204	3,596	-	16,530
Telephone and Utilities	4,145	4,289	2,964	-	11,398
Repairs and Maintenance	902	1,934	1,336	-	4,172
Insurance	1,117	1,396	965	-	3,478
Conferences, Training and Meetings	3,136	3,647	3,241	-	10,024
Travel	4,180	972	769	-	5,921
Equipment Purchases	981	269	186	-	1,436
Grant Expense	95,767	6,331	4,375	-	106,473
Special Events	117,685	14	17,891	-	135,590
Community Programs	25,346	-	-	-	25,346
Estate Gift Expense	-	1,507	-	-	1,507
State and Local Dues	911	1,148	793	-	2,852
Depreciation	1,608	2,026	1,400	-	5,034
Miscellaneous	2,141	1,361	935	-	4,437
Subtotal	<u>435,391</u>	<u>144,911</u>	<u>112,687</u>	-	<u>692,989</u>
United Way of America Dues	-	-	-	5,836	5,836
Totals	<u>\$ 1,014,813</u>	<u>\$ 144,911</u>	<u>\$ 112,687</u>	<u>\$ 5,836</u>	<u>\$ 1,278,247</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
(See Independent Auditor's Report)

	2010	2009
Cash Flows from Operating Activities		
Change in Net Assets	\$ (199,238)	\$ 16,931
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense	3,478	5,034
Realized and Unrealized Gain on Investments	(111,920)	(184,331)
Interest Added to Short-Term Investments	(6,899)	-
(Increase) Decrease in Pledges Receivable - Net	47,337	67,634
(Increase) Decrease in Grant Receivable	(6,323)	(18,679)
(Increase) Decrease in Bequest Receivable	-	89,943
(Increase) Decrease in Accounts Receivable	200	48,567
(Increase) Decrease in Prepaid Expenses	22,716	(22,953)
(Increase) Decrease in Distributions Receivable from Community Foundation	30,680	(11,317)
(Increase) Decrease in Beneficial Interest in Community Foundation	111,673	(7,835)
Increase (Decrease) in Accounts Payable	(17,440)	23,194
Increase (Decrease) in Grants Payable	181	(60)
Increase (Decrease) in Accrued Expenses Payable	38,044	(341)
Increase (Decrease) in Distributions Payable	(8,761)	(2,400)
Increase (Decrease) in Designations Payable	(47,649)	(9,335)
Net Cash Used in Operating Activities	<u>(143,921)</u>	<u>(5,948)</u>
Cash Flows from Investing Activities		
Investment Account Transfers - Net	(10,557)	(39,602)
Sale of Investments	478,831	248,919
Purchase of Investments	(495,883)	(380,922)
Net Cash Used in Investing Activities	<u>(27,610)</u>	<u>(171,605)</u>
Net Decrease in Cash and Cash Equivalents	(171,531)	(177,553)
Cash and Cash Equivalents - Beginning of Year	<u>350,982</u>	<u>528,535</u>
Cash and Cash Equivalents - End of Year	<u>\$ 179,451</u>	<u>\$ 350,982</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The United Way of Madison County, Indiana, Inc. (the Organization), was formed in 1977 as a voluntary not-for-profit organization benefiting the Madison County, Indiana community. The mission of the Organization is to provide leadership and support in identifying and satisfying basic human needs and improving the quality of life in Madison County, Indiana. The Organization is governed by a volunteer board of directors and solicits donations from the public in Madison 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 bylaws.

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 assets as follows:

Office Furniture and Equipment	3 - 10 Years	
Office Equipment - 4Community	5 Years	
Leasehold Improvements	5 Years	
	2010	2009
Depreciation Expense	\$ <u>3,478</u>	\$ <u>5,034</u>

(Continued)

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(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 replaced in the Statement of Activities as net assets released from restriction.

The majority of pledges receivable are received from a broad base of Madison 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 AND INVESTMENTS - Short-term investments and investments, consist of certificates of deposit and mutual funds which are recorded at fair value. The certificates of deposit are with local financial institutions with maturity dates that exceed three months. The mutual funds are with a local broker-dealer. The fair value of investments is generally determined based upon quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Realized and unrealized gains and losses are reflected in the Statements of Activities.

The Organization's 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.

(Continued)

United Way of Madison County, Indiana, Inc.
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Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 personnel and other overhead costs have been allocated among the programs and supporting services based upon the distribution of staff time.

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2010 and 2009, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$5,526 and \$86,870, respectively. In-Kind contribution revenue is recognized as follows:

	2010	2009
Printing	\$ 26	\$ -
Professional Fees	5,500	-
Advertising	-	86,181
Equipment	-	689
	\$ 5,526	\$ 86,870
Total In-Kind Contributions	\$ 5,526	\$ 86,870

CONTRIBUTED SERVICES - During the years ended December 31, 2010 and 2009, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fund raising 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.

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 2 - PROPERTY AND EQUIPMENT

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

	2010	2009
Office Furniture and Equipment	\$ 120,296	\$ 120,296
Office Equipment - 4Community	1,742	1,742
Leasehold Improvements	<u>1,985</u>	<u>1,985</u>
	124,023	124,023
Less: Accumulated Depreciation	<u>(121,580)</u>	<u>(118,102)</u>
 Total Property and Equipment - Net	 <u>\$ 2,443</u>	 <u>\$ 5,921</u>

NOTE 3 - BENEFICIAL INTERESTS IN ASSETS HELD BY FOUNDATION

In 1995, the Organization made a transfer of funds into the George M. Lee United Way Memorial Fund of the Madison County Community Foundation, Inc. (Foundation). In 1999, the Organization made a transfer of funds into the United Way of Madison County, Inc. Indiana Endowment Fund of the Foundation. In 2001, the Organization transferred funds to establish the United Way of Madison County Targeted Impact Fund at the Foundation. The three funds are governed by designated endowment agreements. Under the agreements, the Organization is specified as the beneficiary of earnings as determined by the Foundation's distribution policy. However, the Foundation was granted the authority to vary the terms of the agreements. Distributions from these funds are unrestricted.

The Foundation is also the trustee of the Save Our Children Fund. Through a court order in 1991, the Organization became the beneficiary of earnings of this fund as determined by the Foundation's distribution policy. The Foundation was not granted the power to vary the terms of the court order. Distributions from the fund are to be used for payment of medical, dental, optical, auditory or medical appliance expenses for children suffering from catastrophic illnesses who reside in Madison County. In 2010, the Organization forfeited its rights as the beneficiary of the earnings from this fund. The beneficial interest has been written off in 2010.

The beneficial interest reported as an asset represents the present value of the estimated future distributions to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the funds is reported as an increase or decrease in permanently restricted net assets. The beneficial interests in assets held by the Foundation are summarized as follows:

	2010	2009
George M. Lee United Way Memorial Fund	\$ 45,410	\$ 47,943
United Way of Madison County, Inc. Indiana Endowment Fund	272,765	309,520
United Way of Madison County Targeted Impact Fund	4,433	5,044
Save Our Children Fund	<u>-</u>	<u>71,774</u>
 Total Beneficial Interest in Assets with Foundation	 <u>\$ 322,608</u>	 <u>\$ 434,281</u>

(Continued)

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2010 and 2009
(See Independent Auditor's Report)

NOTE 3 - BENEFICIAL INTERESTS IN ASSETS HELD BY FOUNDATION (Continued)

Change in endowment net assets for the years ended December 31, 2010 and 2009 is as follows:

	Permanently Restricted 2010	Permanently Restricted 2009
Beginning of Year	\$ 357,074	\$ 313,628
Contributions	866	238
Investment Return		
Interest, Dividends and Realized Gains	9,518	9,730
Unrealized Appreciation	24,468	60,043
Grants Voted	(7,401)	(21,623)
Fees	(5,727)	(4,940)
Forfeited Rights - Save Our Children	<u>(56,588)</u>	<u>-</u>
End of Year	\$ <u>322,209</u>	\$ <u>357,074</u>

NOTE 4 - INVESTMENTS

The Organization's investments at fair value are as follows:

	2010	2009
Short-Term Investments		
Certificates of Deposit	\$ <u>356,899</u>	\$ <u>350,000</u>
Investments		
Mutual Funds	\$ <u>1,269,979</u>	\$ <u>1,130,449</u>

Investment return is summarized below:

	2010	2009
Short-Term Investments		
Interest Income	\$ <u>8,353</u>	\$ <u>8,399</u>
Investments		
Investment Earnings	\$ 35,026	\$ 30,098
Realized and Unrealized Gain	111,920	181,043
Investment Fees	<u>(6,842)</u>	<u>(5,782)</u>
Total Return on Investments	\$ <u>140,105</u>	\$ <u>205,359</u>

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NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009 are available for the following purposes:

	2010	2009
Time Restrictions	\$ 398,884	\$ 380,179
Indiana Disaster Relief	506	54,258
4Community2	<u>171,547</u>	<u>169,639</u>
Total Temporarily Restricted Net Assets	\$ <u>570,936</u>	\$ <u>604,076</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time restrictions specified by donors as follows:

	2010	2009
Expiration of Time Restrictions	\$ 380,179	\$ 407,082
Indiana Disaster Relief	53,753	91,235
4Community2	<u>-</u>	<u>3,269</u>
Total Restrictions Released	\$ <u>433,932</u>	\$ <u>501,586</u>

NOTE 6 - OPERATING LEASE

The Organization leases office space in Anderson, Indiana under an operating lease which expires December, 2015. Monthly rental payments escalate yearly from \$1,404 (2011) to \$1,520 (2015). The Organization also leases office equipment which requires quarterly payments of \$337. Total lease expense for the years ended December 31, 2010 and 2009 was \$19,131 and \$19,770, respectively.

Future minimum lease payments are as follows:

For the years ending December 31, 2011	\$ 16,849
2012	17,197
2013	17,545
2014	17,893
2015	<u>18,241</u>
	\$ <u>87,725</u>

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NOTE 7 - PENSION PLANS

The Organization sponsors a defined contribution pension plan which covers all employees who are 21 years of age with at least one year of employment. Eligible employees receive contributions equal to 8% of their compensation. Employees are fully vested in employer contributions to the plan after three years of service. Employee contributions are not permitted. During the years ended December 31, 2010 and 2009, \$18,098 and \$16,536 was paid and expensed, respectively.

The Organization also sponsors a tax-deferred annuity plan which covers all employees. Employees may contribute any percentage of their salary provided they do not contribute more than the maximum permitted by law. No employer contributions are made into this plan.

NOTE 8 - DESCRIPTION OF MAJOR PROGRAM SERVICES

The Organization supports other not-for-profit agencies in Madison County, Indiana serving various impact areas and needs. Gross distributions to these agencies for the years ended December 31, 2010 and 2009 are \$535,189 and \$579,422, respectively.

4Community2 - The Organization was awarded a 4Community2 Implementation grant in June, 2008 of up to \$170,000 from Indiana Association of United Ways. The purpose of the grant is to provide funding for issue related programs in Madison County, Indiana.

Indiana Natural Disaster Grant - The Organization was awarded a \$100,000 grant from Indiana Association of United Ways in October, 2008 to provide flexible funding for purposes of assessing and evaluating the funding needs in Madison County, Indiana as a result of the 2008 floods, tornados and storms affecting the area. The funding may be used for immediate needs and for identifying and valuing the future needs for additional funding as a result of the disasters.

Born Learning - Coordinated outreach for families of young children under the age of four.

Community Access Network - Coordinate network of basic needs providers to better serve those in need of housing and food support and to provide long-term services to help people become self-sufficient.

Covering Kids and Families - The Organization is the lead agency for "The Covering Kids and Families Madison County Coalition", a program that focuses on reducing the number of uninsured residents in Madison County.

RSVP - Promotion of volunteerism and matching of volunteer opportunities.

NOTE 9 - 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 United Way of Madison County, Indiana, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the United Way of Madison County, Indiana, Inc.

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NOTE 10 - TEMPORARILY RESTRICTED NET ASSET CASH BALANCES

At December 31, 2010 and 2009 the cash and cash equivalent balance on the Statements of Financial Position included temporarily restricted net assets totaling \$410,320 and \$387,266 respectively.

NOTE 11 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2010 and 2009, campaign pledges were received from contributors which exceeded ten percent of the Organization's total gross campaign donations for the years as follows:

	2010	
Community Hospital	\$ <u>61,569</u>	<u>11.86%</u>
	2009	
Saint John's Health System	\$ 80,772	14.24%
Herald Bulletin	64,761	11.41%
Community Hospital	<u>59,367</u>	<u>10.46%</u>
Total	\$ <u>204,900</u>	<u>36.11%</u>

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 mutual funds at fair value based upon quoted market prices for the respective fund in active markets (Level 1). The Organization values certificates of deposit and money market funds at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in funds held by the Madison 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 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

	2010		
	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ 356,899	\$ -
Mutual Funds - By Category			
World Allocation	1,092,894	-	-
Moderate Allocation	177,085	-	-
Beneficial Interest in Community Foundation Funds	-	-	322,608
	<u>\$ 1,269,979</u>	<u>\$ 356,899</u>	<u>\$ 322,608</u>
	2009		
	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ 350,000	\$ -
Mutual Funds - By Category			
World Allocation	645,771	-	-
Moderate Allocation	322,164	-	-
Conservative Allocation	162,514	-	-
Beneficial Interest in Community Foundation Funds	-	-	434,281
	<u>\$ 1,130,449</u>	<u>\$ 350,000</u>	<u>\$ 434,281</u>

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, 2010 and 2009:

	2010	2009
Beginning of Year	\$ 434,281	\$ 426,446
Unrealized Gains		
Change in Beneficial Interest	(39,899)	7,835
Forfeiture Beneficial Interest	(71,774)	-
End of Year	<u>\$ 322,608</u>	<u>\$ 434,281</u>

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NOTE 13 - CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash and certificate of deposit accounts at eleven 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, 2010 and 2009, 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, 2010 and 2009, the Company had accounts in excess of the \$250,000 limit of \$0 and \$198,160, respectively. 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, 2006 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, 2010 and 2009.

NOTE 15 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of March 25, 2011.