

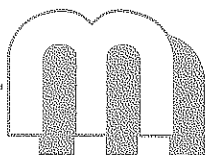
**UNITED WAY OF THE KEARNEY AREA
KEARNEY, NEBRASKA**

FINANCIAL REPORT
(Audited)

DECEMBER 31, 2008

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Schedules of functional expenses	5
Notes to financial statements	6 - 9



INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of the Kearney Area
Kearney, Nebraska

We have audited the accompanying statements of financial position of the United Way of the Kearney Area as of December 31, 2008 and 2007, and the related statements of activities and cash flows, and schedules of functional expenses for the years then ended. These financial statements are the responsibility of the United Way of the Kearney Area management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides 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 the United Way of the Kearney Area as of December 31, 2008 and 2007, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

McDERMOTT AND MILLER, P.C.

McDermott + Miller P.C.

Kearney, Nebraska
April 30, 2009

404 E. 25TH
P.O. Box 1120
KEARNEY, NE 68848
PHONE 308-234-5565
FAX 308-234-2990

UNITED WAY OF THE KEARNEY AREA INC

STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 290,323	\$ 296,572
Interest receivable	674	1,788
Prepaid expenses	1,533	1,079
Contributions receivable, net	322,050	373,598
Other receivable	20,097	90
Total current assets	\$ 634,677	\$ 673,127
PROPERTY AND EQUIPMENT		
Equipment (at cost)	\$ 46,218	\$ 41,761
Less accumulated depreciation	(37,905)	(34,095)
Property and Equipment, net	\$ 8,313	\$ 7,666
Total assets	\$ 642,990	\$ 680,793
LIABILITIES		
LIABILITIES		
Accounts payable	\$ 33,002	\$ 5,506
Accrued compensated absences	6,363	4,212
Sales tax payable	289	416
Payroll taxes payable	842	854
Total liabilities	\$ 40,496	\$ 10,988
NET ASSETS		
Unrestricted:		
Undesignated	\$ 1,289	\$ 20,191
Designated by Board for operations	168,000	136,618
Total unrestricted	\$ 169,289	\$ 156,809
Temporarily restricted	433,205	512,996
Total net assets	\$ 602,494	\$ 669,805
Total liabilities and net assets	\$ 642,990	\$ 680,793

See accompanying notes.

UNITED WAY OF THE KEARNEY AREA INC

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2008 and 2007

	2008			2007 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND OTHER SUPPORT				
Contributions	\$ 876	\$ 421,628	\$ 422,504	\$ 489,455
Donated materials and services	4,096	-	4,096	3,256
Investment income	6,571	-	6,571	11,652
Miscellaneous income	26,371	-	26,371	15,913
Net assets released from restrictions:				
Restrictions satisfied by the passage of time	<u>501,419</u>	<u>(501,419)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>\$ 539,333</u>	<u>\$ (79,791)</u>	<u>\$ 459,542</u>	<u>\$ 520,276</u>
EXPENSES				
Community services	\$ 425,026	\$ -	\$ 425,026	\$ 417,572
General and administrative	40,408	-	40,408	39,528
Fundraising	<u>61,419</u>	<u>-</u>	<u>61,419</u>	<u>59,370</u>
Total expenses	<u>\$ 526,853</u>	<u>\$ -</u>	<u>\$ 526,853</u>	<u>\$ 516,470</u>
Change in net assets	\$ 12,480	\$ (79,791)	\$ (67,311)	\$ 3,806
Net Assets, beginning of year	<u>156,809</u>	<u>512,996</u>	<u>669,805</u>	<u>665,999</u>
Net Assets, end of year	<u>\$ 169,289</u>	<u>\$ 433,205</u>	<u>\$ 602,494</u>	<u>\$ 669,805</u>

See accompanying notes.

UNITED WAY OF THE KEARNEY AREA INC

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (67,311)	\$ 3,806
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,810	3,475
(Increase) decrease in other receivables	(20,007)	464
(Increase) decrease in prepaid expenses	(454)	219
(Increase) decrease in deferred accrued vacation	-	5,109
(Increase) decrease in contributions receivable	51,548	(10,467)
(Increase) decrease in interest receivable	1,114	(1,788)
Increase (decrease) in accounts payable	27,496	(3,897)
Increase (decrease) in accrued compensated absences	2,151	4,212
Increase (decrease) in accrued and other liabilities	(139)	(16,038)
	<u>\$ (1,792)</u>	<u>\$ (14,905)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	\$ (4,457)	\$ (715)
(Increase) decrease in long-term investments	-	-
	<u>\$ (4,457)</u>	<u>\$ (715)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	\$ (6,249)	\$ (15,620)
CASH AND CASH EQUIVALENTS, beginning of year	<u>296,572</u>	<u>312,192</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 290,323</u>	<u>\$ 296,572</u>

See accompanying notes.

UNITED WAY OF THE KEARNEY AREA INC

SCHEDULES OF FUNCTIONAL EXPENSES
For the years ended December 31, 2008 and 2007

	2008				2007 Total
	Community Services	General and Administrative	Fund Raising	Total	
PERSONNEL COSTS					
Salaries and wages	\$ 47,776	\$ 19,848	\$ 22,366	\$ 89,990	\$ 82,984
Employee benefits	2,913	2,951	2,913	8,777	6,787
Payroll taxes	3,711	1,366	1,733	6,810	5,631
Total personnel costs	\$ 54,400	\$ 24,165	\$ 27,012	\$ 105,577	\$ 95,402
EXPENSES					
Agency funding	\$ 324,019	\$ -	\$ -	\$ 324,019	\$ 326,145
Contract service	4,270	-	-	4,270	8,921
Bank charges	9	-	722	731	866
Supplies	11,234	790	3,722	15,746	8,482
Telephone	10,462	835	1,124	12,421	11,204
Postage and shipping	1,046	186	1,097	2,329	2,004
Insurance	892	892	893	2,677	2,583
Rental and maintenance of equipment	1,036	132	1,036	2,204	2,852
Prize/award expense	51	-	10,476	10,527	9,587
Occupancy	5,556	5,226	5,226	16,008	15,627
Printing and publications	1,024	294	6,070	7,388	6,455
Travel	419	69	136	624	723
Conferences, conventions and meetings	1,206	273	608	2,087	1,392
Professional fees	1,763	719	1,438	3,920	3,000
Scholarship	3,076	-	-	3,076	1,918
Membership dues & subscriptions	293	5,366	563	6,222	4,745
Grant (BCCHP)	3,000	-	-	3,000	3,000
Emergency Funding	-	-	-	-	5,888
Miscellaneous	-	191	26	217	2,201
Total expenses	\$ 369,356	\$ 14,973	\$ 33,137	\$ 417,466	\$ 417,593
Total personnel costs and expenses before depreciation	\$ 423,756	\$ 39,138	\$ 60,149	\$ 523,043	\$ 512,995
Depreciation	1,270	1,270	1,270	3,810	3,475
Total expenses	\$ 425,026	\$ 40,408	\$ 61,419	\$ 526,853	\$ 516,470
Percentage of total expense	<u>80.7%</u>	<u>7.7%</u>	<u>11.6%</u>	<u>100.0%</u>	<u>100.0%</u>

See accompanying notes.

**UNITED WAY OF THE KEARNEY AREA
NOTES TO FINANCIAL STATEMENTS**

Note 1. **Summary of Significant Accounting Policies**

Nature of Activities:

The United Way of the Kearney Area is a not-for-profit voluntary health and welfare agency established to increase the overall quality of life for those in the region. To accomplish its mission, the United Way of the Kearney Area conducts fundraising campaigns, and distributes resources to various agencies that are involved in providing human services throughout the Kearney area. The United Way of the Kearney Area's primary funding source is donor contributions.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way of the Kearney Area and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted, designated net assets are a self-imposed limit by the Board of Directors to cover 3 months of allocations and operating expenses.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the United Way of the Kearney Area and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the United Way of the Kearney Area maintain them permanently. Generally, the donors of these assets permit the United Way of the Kearney Area to use all or part of the income earned on any related investments for general or specific purposes. At year-end, the organization does not have any permanently restricted net assets.

**UNITED WAY OF THE KEARNEY AREA
NOTES TO FINANCIAL STATEMENTS**

Note 1. **Summary of Significant Accounting Policies (continued)**

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

Equipment:

Equipment is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense for the years ended December 31, 2008 and 2007 was \$3,810 and \$3,475 respectively.

Contributed Materials and Services:

Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed materials amounted to \$4,096 in 2008. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Income Taxes:

The United Way of the Kearney Area is exempt from Federal income taxes under Internal Revenue Code Section 501(c) (3) and therefore has made no provision for Federal income taxes.

Functional Allocation of Expenses:

The costs of providing the United Way of the Kearney Area's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash Equivalents:

For purposes of the statement of cash flows, the United Way of the Kearney Area considers all cash and other highly liquid investments with initial maturities of twelve months or less to be cash equivalents.

**UNITED WAY OF THE KEARNEY AREA
NOTES TO FINANCIAL STATEMENTS**

Note 1. **Summary of Significant Accounting Policies (continued)**

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.

Note 2. **Contributions Receivable**

Contributions receivable for 2008 consists of pledges for both the 2008 and the 2009 campaigns. A breakdown of the contributions receivable and the allowance for doubtful accounts is as follows:

	Unrestricted	Temporarily Restricted	Totals
Contributions			
Receivable	\$ 57,479	\$ 340,560	\$ 398,039
Allowance	(33,989)	(42,000)	(75,989)
Net	\$ 23,490	\$ 298,560	\$ 322,050

Note 3. **SIMPLE Plan**

The United Way of the Kearney Area started a Savings Incentive Match Plan for Employees of small employers (SIMPLE) plan for its employees on January 1, 2007. The employer agrees to provide for matching contributions in each calendar year to the Individual Retirement Accounts (IRA's) of all eligible employees up to a limit of 3% of compensation for the year. Eligible employees are those who will receive at least \$5,000 in compensation for the calendar year and who received at least \$5,000 in compensation during the preceding calendar year.

Contributions to the plan for the year ending December 31, 2008 were \$ 803.

**UNITED WAY OF THE KEARNEY AREA
NOTES TO FINANCIAL STATEMENTS**

Note 4. **Leases**

On August 10, 2007, the United Way of the Kearney Area entered into a lease for office space with Johnson Imperial Home Company for a term of two years (June 1, 2007 to May 31, 2009) with an annual rental of \$16,008 payable in monthly installments of \$1,334. Utilities are paid by Johnson Imperial Home Company. The United Way of the Kearney Area is responsible for telephone expenses.

Note 5. **Concentration of Credit Risk**

The United Way of the Kearney Area, Inc. maintains cash balances at several financial institutions. The Federal Deposit Insured Corporation insures accounts at each institution up to \$250,000. As of December 31, 2008, the United Way of the Kearney Area, Inc. had bank balances totaling \$300,878. All of this amount was covered by FDIC insurance.

Note 6. **Uncertain Tax Positions**

The Financial Accounting Standards Board has deferred until fiscal years beginning after December 15, 2008, the effective date of Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, for nonpublic companies, by issuing FASB Staff Position 48-3. The Company's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence. It is the opinion of management that the Company has no uncertain tax positions that would be subject to Interpretation No. 48.

Note 7. **Board Designated Funds**

The Board of Directors has increased the amount of designated funds to \$168,000 of unrestricted funds to be set aside for savings.