

**UNITED WAY OF
KANKAKEE COUNTY, INC.**

**Audited
Financial Statements**

**As of and for the year ended
December 31, 2011**

UNITED WAY OF KANKAKEE COUNTY, INC.
Report on Audit of Financial Statements
For the Year Ended December 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Statement of Assets, Liabilities, and Net Assets – Cash Basis	2
Statement of Activity and Changes in Net Assets – Cash Basis	3
Statement of Functional Expenses – Cash Basis.....	4
Notes to the Financial Statements	5-7
Report on Supplementary Information.....	8
Supplementary Information:	
Schedule of Awards	9

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Kankakee County, Inc.
P.O. Box 1286
Kankakee, Illinois 60901

We have audited the accompanying statement of assets, liabilities, and net assets – cash basis of United Way of Kankakee County, Inc., (a non-profit corporation) as of December 31, 2011 and the related statements of activity and changes in net assets – cash basis, and functional expenses – cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 audit provides a reasonable basis for our opinion.

There are no accounting controls over contributions prior to the entry of deposits into the accounting records. Information relating to a material donation receipts has not been provided to us. Accordingly, it was not practical for us to extend our audit of such receipts and net assets beyond the amounts recorded, nor was it possible for us to determine the proper classification and adequacy of disclosures related to this material donation. We were also unable to determine the functional expense allocation of the expenditures paid to the management company.

As disclosed in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had the receipts, expenditures related to the management company, and the net asset classifications been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly the assets, liabilities and net assets of United Way of Kankakee County, Inc. as of December 31, 2011 and changes in its net assets - cash basis for the year then ended, on the basis of accounting described in Note 1.

Smith, Koelling, Dykstra and Ohm, P.C.

November 21, 2012

United Way of Kankakee County, Inc.
Statement of Assets, Liabilities and Net Assets - Cash Basis
December 31, 2011

Assets

Cash	\$ 165,011
Cash equivalents-money market funds	<u>1,040,163</u>
Total Current Assets	<u>1,205,174</u>
Total Assets	<u><u>\$ 1,205,174</u></u>

Liabilities and Net Assets

Unrestricted net assets	\$ 204,624
Temporarily restricted net assets	500,000
Permanently restricted net assets	<u>500,550</u>
Total Net Assets	<u><u>\$ 1,205,174</u></u>

United Way of Kankakee County, Inc.
Statement of Activity and Changes in Net Assets - Cash Basis
Year Ended December 31, 2011

Unrestricted Net Assets

Public support	
Individual, corporate, and foundation contributions, net of national and state dues	\$ 791,198
Other revenue	
Raffle	154,922
Events	31,997
Investment income	
Interest and dividends	<u>532</u>
Total unrestricted receipts	<u>978,649</u>

Expenditures

Program services	
Agency allocations	794,914
Management and general	221,993
Fundraising	<u>62,023</u>
Total expenditures	<u>1,078,930</u>
Increase (decrease) in unrestricted net assets	<u>(100,281)</u>

Temporarily Restricted Net Assets

Temporarily restricted donation	<u>500,000</u>
Increase (decrease) in temporarily restricted net assets	<u>500,000</u>

Permanently Restricted Net Assets

Bequest and other	<u>500,550</u>
Increase (decrease) in permanently restricted net assets	<u>500,550</u>
Increase in net assets	900,269
Net assets, beginning of year	<u>304,905</u>
Net assets, end of year	<u><u>\$ 1,205,174</u></u>

United Way of Kankakee County, Inc.
Statement of Functional Expenses - Cash Basis
Year Ended December 31, 2011

	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Agency allocations	\$ 794,914	\$ -	\$ -	\$ 794,914
Professional fees & contractual services	-	200,550	-	200,550
Fundraising event expenses	-	-	42,411	42,411
Miscellaneous	-	21,443	19,612	41,055
 Total expenses	 <u>\$ 794,914</u>	 <u>\$ 221,993</u>	 <u>\$ 62,023</u>	 <u>\$ 1,078,930</u>

UNITED WAY OF KANKAKEE COUNTY, INC.
Notes to Financial Statements
As of and for the year ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of United Way of Kankakee County is to improve, consistently and measurably, the quality of life for all the people of Kankakee County by raising and distributing funds, mobilizing community resources and encouraging innovative solutions to the community's health and human service needs.

Basis of Presentation

The Organization presents its financial statements in accordance with the FASB Accounting Standards Codification topic 958 which requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. This standard also requires unconditional promises to give (pledges) to be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Basis of Accounting

United Way uses the cash basis of accounting. United Way recognizes contributions as support in the year the contribution is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Agency awards are made by United Way upon completion of its campaign, usually by the first quarter of the year. These awards cover the funding period beginning July 1 of the current year and ending on June 30 of the following year. Allocations are recognized as an expense in the period in which the payment is made. All other expenses are recorded when paid.

United Way of America Dues

The Organization pays national and state dues to the United Way of America each year based on the pledge drive results. The amount paid was \$10,519 for national dues and \$1,200 for state dues. These amounts are netted against public support for financial statement presentation.

Functional Expenses

All expenses are charged to functions based on the nature of the expense.

UNITED WAY OF KANKAKEE COUNTY, INC.
Notes to Financial Statements
As of and for the year ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision has been made for federal income taxes.

The Organization's federal Return of Organization Exempt From Income Tax (Form 990) for 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Deposits

The Organization's cash deposits exceed amounts insured by the FDIC from time to time throughout the year.

NOTE 2 – CASH EQUIVALENTS – MONEY MARKET FUNDS

Investments consist of the following:

Money Market Funds	\$ 535,111
Temporary investments - Community Foundation	<u>505,052</u>
	<u>\$1,040,163</u>

NOTE 3 – RESTRICTED NET ASSETS

Details of the Organization's restricted net assets at December 31, 2012 are as follows:

Temporary restricted net assets:

Restricted for agencies assisting individuals living in Iroquois County, Illinois	\$ <u>500,000</u>
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Permanently restricted net assets:

Endowment funds – donor restricted	\$ <u>500,550</u>
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NOTE 4 – COMMITMENTS

The Organization has allocated funds from its campaigns to its agencies to be paid from July 1 to June 30. The balance of allocations due to agencies was approximately \$399,278 at December 31, 2011.

UNITED WAY OF KANKAKEE COUNTY, INC.
Notes to Financial Statements
As of and for the year ended December 31, 2011

NOTE 5 – COMMUNITY FOUNDATION DEPOSIT

Funds of \$40,000 at the Community Foundation are held on behalf of the United Way. Investment income on these funds is added to the balance of the fund. The investment income may be drawn on for operating expenses of the Organization. No investment income was drawn on during 2011.

NOTE 6 – MANAGEMENT AGREEMENTS

In April 2008, the Organization entered into an agreement with MCQ3 Incorporated (MCQ3) to provide leadership for its fundraising campaign, strategic development and routine operations for the Organization. The agreement required monthly payments of between \$13,635 and \$14,825 for these services for a total payment of \$181,650.

MCQ3 was responsible for all normal costs of United Way operations other than payments to agencies, state and national dues, and accounting, audit and bank fees. The agreement is to be reviewed yearly between April and June. Annual increase to MCQ3 will occur based upon increases in receipts to the Organization. The increased fee will be 10% of the increase in the three-year average receipts.

NOTE 7 – SUBSEQUENT EVENTS

The management agreement with MCQ3 was terminated as of April 30, 2012. The day to day operations are currently handled by a United Way employee.

Management has evaluated subsequent events through November 21, 2012, the date on which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
United Way of Kankakee County, Inc.
P.O. Box 1286
Kankakee, Illinois 60901

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of United Way of Kankakee County, Inc. taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Smith, Koelling, Dykstra and Ohm, P.C.

November 21, 2012

UNITED WAY OF KANKAKEE COUNTY, INC.
Schedule of Awards – Cash Basis
For the Year Ended December 31, 2011

Agency allocations:	
American Red Cross	\$ 58,170
Aunt Martha's	7,540
Boy Scouts of America	8,171
Catholic Charities	73,303
Center of Hope	27,237
Child Network	24,318
Childcare Resource & Referral	6,625
Easter Seals	13,748
Good Shepherd Manor	20,804
Harbor House	34,509
Hospice of Kankakee Valley	8,899
John R. Tate Advocacy Center	32,414
K.C.C./ALIVE	11,112
K.C.-C.A.S.A.	51,590
Kankakee County Community Services	64,862
Helen Wheeler Center for Community Mental Health	59,843
Options – C.I.L.	17,204
Prairie State Legal Aid	32,636
Salvation Army	80,926
Trailways Girl Scout Council	4,640
United Cerebral Palsy	13,645
Y.M.C.A.	47,616
Y.W.C.A.	<u>72,130</u>
	771,942
Donor Designated:	
Other	<u>14,179</u>
Total Awards	<u>\$786,121</u>